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 for the year ended 30 June 2020.

Consolidated Results

The comparison of annual audited results for the year ended 30 June 2020 as against the year 2019 is as follows:

(Rupees in million)

Particulars	30 June 2020	30 June 2019
Total Revenue	131,462.67	146,114.95
Share of profit of associates and joint venture-net of tax	1,713.89	967.39
Profit before tax	8,779.25	4,599.79
Profit after tax	6,585.73	1,828.01
Attributable to:		
Equity holders of the Holding Company	4,775.65	1,007.74
Non-controlling interest	1,810.08	820.27

Total revenue was Rs. 131,462.67 million in the year 2020 as against Rs. 146,114.95 million last year, due to a lower revenues and other operating income of the subsidiary companies. The cost of sales and services decreased to Rs. 114,131.99 million as against Rs. 129,847.37 million last year. The percentage-wise sales and services cost stood at 89% of sales compared to 90% last year. Distribution cost and Administration expenses reduced by 34% to Rs. 6,522.11 million as against Rs. 9,870.47 million last year. Share of profit of associates and joint venture increased by 77% to Rs. 1,713.89 million from Rs. 967.39 million last year. As a result, profit before tax increased to Rs. 8,779.25 million from Rs. 4,599.79 million last year. Profit after tax also increased to Rs. 6,585.73 million from Rs. 1,829.01 million last year.

A brief review of the operational performance of each entity for the year is as follows:

Atlas Asset Management Limited

Income from management fees increased to Rs. 308.96 million against Rs. 275.41 million last year. During the year, Atlas Asset Management earned after-tax profit of Rs. 123.66 million against Rs. 33.90 million last year.

Atlas Engineering (Private) Limited

Sales for the year were Rs. 1,688.90 million against Rs. 2,075.92 million for the last year. Loss after tax for the year was Rs. (206.54) million against profit after tax of Rs. 13.55 million last year.

Atlas Power Limited

Sales for the year were Rs. 10,696.15 million against Rs. 16,101.84 million last year. Profit after tax for the year was Rs. 2,496.63 million against Rs. 3,539.33 million last year.

Shirazi Trading Company (Private) Limited

Revenue for the year was Rs. 3,352.67 million against Rs. 5,191.94 million last year. Loss after tax for the year was Rs. (10.61) million against profit after tax of Rs. 40.88 million last year.

Atlas Autos (Private) Limited

During the year, Atlas Die Casting (Private) Limited and Atlas Aluminium (Private) Limited, wholly-owned subsidiaries of Atlas Autos Limited, were amalgamated with effect from 1 July 2019 in accordance with the Scheme of Amalgamation sanctioned by the Honorable High Court of Sindh.

Sales for the year were Rs. 13,458.68 million against Rs. 13,782.32 million last year. Loss after tax for the year was Rs. (54.52) million against profit after tax of Rs. 1,164.94 million last year.

Atlas Metals (Private) Limited
Sales for the year were Rs. 339.93 million against Rs. 5,472.43 million last year. Loss after tax for the year was Rs. (303.10) million against loss of Rs. (1,066.28) million last year.

Atlas Venture Limited (UAE)
Revenues for the year were Rs. 22.22 million against Rs.42.71 million last year. Profit for the year was Rs. 4.15 million against Rs. 4.71 million last year.

Atlas World Wide General Trading LLC (UAE)
Sales for the year were Rs. 234.19 million against Rs. 1,297.65 million last year. Profit for the year was Rs. 24.54 million against Rs. 12.82 million last year.

Atlas Global FZE (UAE)
Sales for the year were Rs. 2,627.56 million against Rs. 4,101.34 million last year. Profit for the year was Rs. 13.64 million against Rs. 39.36 million last year.

Oyster International Holdings Limited (UAE)
Revenues for the year were Rs. 0.43 million against Rs. 11.05 million for the last year. The profit for the year was Rs. 0.06 million against loss for the last year of Rs. (0.32) million.

Atlas Honda Limited
Sales for the year ended 31 March 2020 were Rs. 84,775.97 million against Rs. 82,412.55 million last year. Profit after tax for the year ended 31 March 2020 was Rs. 3,078.40 million against Rs. 3,208.66 million last year.

Atlas Battery Limited
Sales for the year were Rs. 12,546.15 million against Rs. 12,773.11 million last year. Loss after tax for the year was Rs. (327.10) million against a profit of Rs. (592.46) million last year.

Atlas Insurance Limited
The company's financial year ends in December. However, based on Jul'19-Jun'20, the net premium was Rs. 1,369.96 million against Rs. 1,485.64 million last year. Profit after tax for the year was Rs. 625.54 million against Rs. 666.24 million last year.

Atlas Hitec (Private) Limited
Net sales for the year ended 31 March 2020 was Rs. 2,491.20 million against Rs. 2,348.69 million last year. Profit after tax for the year ended 31 March 2020 was Rs. 18.19 million against Rs. 51.59 million last year.

Atlas Energy Limited
Sales for the year were Rs. 13.77 million against no revenue last year. Profit after tax for the year was Rs. 1.15 million against Rs. 1.63 million last year.

Zenfa Pakistan New Energy Company (Private) Limited
During the year, the Company acquired the 20% shareholding of Zenfa Pakistan New Energy Company (Private) Limited. The company is a subsidiary of Atlas Power Limited. The company's accounting year ends in December. However, based on Jul'19-Jun'20, there is no revenue and profitability in the company. All the payments are being made solely for the development of the project, and the company is bound to comply with all rules, regularization, and directions of The National Electric Power Regulatory Authority (NEPRA).

Atlas DID (Private) Limited
Atlas DID (Private) Limited incorporated in Pakistan on 22 July 2019. The company is a subsidiary of Atlas Autos (Private) Limited (a wholly-owned subsidiary of the Company). During the period ended 31 March 2020, the company's sale was Rs. 48.92 million and profit after tax was Rs. 18.07 million.

Atlas GCI (Private) Limited

Atlas GCI (Private) Limited (AGPL) incorporated in Pakistan on 6 August 2019. During the year, Atlas Autos Limited (wholly owned subsidiary) and Atlas Hitec (Private) Limited (subsidiary) acquired 20% and 40% shares of the AGPL respectively. There is no sales during the period ended 30 June 2020 as AGPL did not commence its manufacturing operations. Incorporation and other expenses incurred for Rs. 3.87 million.

On behalf of the Board of Directors

Noorullah	Frahim Ali Khan
Chief Executive Officer	Director

Karachi: 30 September 2020

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SHIRAZI INVESTMENTS (PRIVATE) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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 2020**, 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 2020** 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.

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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.

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

Chartered Accountants

Place: Karachi

Date: 27 October 2020

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

	Note	2020	2019
		---------- Rupees in '000 ----------	
ASSETS			
Non-current assets			
Fixed assets	8	**38,541,538**	32,728,348
Goodwill	9	**-**	-
Investment properties	10	**2,564,476**	2,637,562
Investment in associates and joint venture	11	**27,851,320**	26,688,619
Long term investments	12	**1,739,851**	1,647,357
Long term loans	13	**52,507**	50,992
Long term deposits and other receivables	14	**969,883**	620,697
Net investment in finance lease		**52,358**	-
		71,771,933	64,373,575
Current assets			
Stores, spare parts and loose tools	15	**2,948,167**	3,620,659
Stock-in-trade	16	**8,816,996**	9,528,187
Trade debts	17	**24,032,540**	21,851,797
Receivable from funds under management	18	**28,941**	25,720
Loans and advances	19	**238,366**	251,463
Deposits, prepayments and other receivables	20	**3,909,644**	4,792,519
Accrued investment income		**68,496**	59,675
Short term investments	21	**3,411,993**	2,283,956
Taxation - net		**3,495,288**	1,202,699
Non-current asset held for sale	22	**13,918**	-
Current portion of net investment in finance lease		**3,823**	-
Cash, bank balances and deposits	23	**10,012,085**	11,625,105
		56,980,257	55,241,780
TOTAL ASSETS		**128,752,190**	119,615,355
EQUITY AND LIABILITIES			
Equity attributable to the Holding Company			
Reserves			
Share capital	24	**2,201,124**	2,201,124
Capital reserve		**13,484,360**	13,484,360
General reserve		**13,831,122**	13,831,122
Unappropriated profit		**28,725,877**	24,705,775
Unrealised gain on revaluation of investments		**2,726,277**	2,345,402
Revaluation surplus on property, plant and equipment		**5,565,144**	1,175,681
		66,533,904	57,743,464
Non-controlling interests		**12,565,299**	11,185,585
Total equity		**79,099,203**	68,929,049
Non-current liabilities			
Long term loans - secured	25	**7,331,739**	2,440,668
Long term financing - government grant	26	**354,600**	-
Long term deposits	27	**8,949**	8,211
Deferred liabilities	28	**690,898**	603,602
Lease liabilities	29	**1,163,814**	-
Deferred income - government grant	30	**20,291**	-
Deferred taxation	31	**1,487,332**	1,300,036
		11,057,623	4,352,517
Current liabilities			
Trade and other payables	32	**21,001,561**	24,423,957
Current portion of lease liabilities	29	**161,582**	-
Current portion of deferred income	30	**27,753**	-
Current portion of long term financing - government grant	26	**117,438**	-
Short term borrowings - secured	33	**15,692,314**	20,112,692
Accrued mark-up		**446,531**	526,138
Current portion of long term loans	25	**1,144,831**	1,269,973
Current portion of long term deposits	27	**3,354**	1,029
		38,595,364	46,333,789
Contingencies and commitments	34		
TOTAL EQUITY AND LIABILITIES		**128,752,190**	119,615,355

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chairman

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

	Note	2020	2019
		---------- Rupees in '000 ----------	
Income			
Sales of goods and rendering of services	35	**128,558,219**	144,276,909
Fee / commission from asset management	36	**349,120**	275,406
Dividend income		**232,379**	231,356
Rental income	37	**271,764**	285,033
Other operating income	38	**2,051,187**	1,046,241
		131,462,669	146,114,945
Expenses			
Cost of sales and services	39	**114,131,986**	129,847,364
Distribution costs and administrative expenses	40	**6,522,106**	9,870,465
Finance costs	41	**3,743,216**	2,764,710
		124,397,308	142,482,540
		7,065,361	3,632,405
Share of profit of associates and joint venture - net of tax	42	**1,713,889**	967,386
Profit before taxation	43	**8,779,250**	4,599,791
Taxation - net	44	**(2,193,523)**	(2,771,785)
Profit after taxation		**6,585,727**	1,828,006
Attributable to:			
Equity holders of the Holding Company		**4,775,652**	1,007,739
Non-controlling interest		**1,810,075**	820,267
		6,585,727	1,828,006
Earnings per share - basic and diluted	45	**21.70**	4.58

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

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

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

	2020	2019
	----------- Rupees in '000 -----------	
Net profit for the year	**6,585,727**	1,828,006
Other comprehensive income to be reclassified to profit and loss account in subsequent periods		
Exchange gain on translation of net assets of foreign operations	**56,494**	252,503
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods		
Net unrealised gain / (loss) on revaluation of investments at fair value through other comprehensive income - net	**494,549**	(571,250)
Actuarial loss on defined benefit plan	**(12,156)**	(73,890)
Related deferred taxation	**(158,012)**	105,454
	324,381	(539,686)
Surplus on revaluation during the year	**4,389,463**	395,300
Share of other comprehensive loss from associates' in respect of staff retirement benefit obligation - net of deferred tax	**(4,967)**	(15,166)
Total comprehensive income - net of tax	**11,351,098**	1,920,957
Attributable to:		
Equity holders of the Holding Company	**9,541,023**	943,261
Non-controlling interest	**1,810,075**	977,696
	11,351,098	1,920,957

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Chairman

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

		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									
Adjusted balance as at June 30, 2018	2,201,124	26,839,742	(13 355,382)	11,131,122	27,403 664	2,632,585	937,810	57,790,665	12,308,456	70,099,121
Transfer to general reserves	-	-	-	2,700,000	(2,700,000)	-	-	-	-	-
Profit for the year	-	-	-	-	1,007,739	-	-	1,007,739	820,267	1,628,006
Other comprehensive loss	-	-	-	-	-	(287,183)	-	(287,183)	-	(287,183)
Surplus on revaluation during the year income of associates - net	-	-	-	-	(15,166)	-	237,871	222,705	157,429	380,134
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	(13,355,382)	13,831,122	24,705,775	2,345,402	1,175,681	57,743,464	11,185,585	68,929,049
Profit for the year	-	-	-	-	4,775,652	-	-	4,775,652	1,810,075	6,585,727
Other comprehensive income	-	-	-	-	-	380,875	-	380,875	-	380,875
Surplus on revaluation during the year income of associates - net	-	-	-	-	(4,967)	-	4,389,463	4,384,496	-	4,384,496
Total comprehensive income for the year	-	-	-	-	4,770,685	380,875	4,389,463	9,541,023	1,810,075	11,351,098
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	651,000	651,000
Dividend paid during the year	-	-	-	-	(750,583)	-	-	(750,583)	(1,081,361)	(1,831,944)
Balance as at June 30, 2020	**2,201,124**	**26,839,742**	**(13,355,382)**	**13,831,122**	**28,725,877**	**2,726,277**	**5,565,144**	**66,533,904**	**12,565,299**	**79,099,203**

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

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

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

	Note	2020	2019
		---------- Rupees in '000 ----------	
Cash flows from operating activities			
Cash generated from operations	46	**10,553,639**	9,758,195
Mark-up / interest paid		**(3,822,823)**	(2,541,078)
Tax paid		**(5,131,177)**	(2,432,744)
Gratuity paid		**(35,313)**	(125,087)
Payment of deferred liabilities		**(11,357)**	(58,737)
		(9,000,670)	(5,157,646)
Net cash generated from operating activities		**1,552,969**	4,600,549
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(6,887,287)**	(4,226,937)
Proceeds from sale of fixed assets		**1,320,451**	233,005
Proceed from sale of properties		**-**	371,041
Acquisition of investment properties		**-**	(688,671)
Purchase of intangible assets		**(18,176)**	(151,651)
Investment in associates - net		**(1,619,372)**	3,572,302
Dividends received from associates		**456,670**	848,070
Dividends received from investments		**(224,291)**	(616,714)
Effects of exchange differences on translation of net assets of foreign operations		**56,494**	252,503
Investments - net		**4,832,971**	(1,517,622)
Disbursements in long term loans		**(1,515)**	(6,050)
Disbursements in long term deposits and other receivables		**(349,187)**	(490,584)
Net cash used in investing activities		**(2,433,242)**	(2,421,308)
Cash flows from financing activities			
Repayment of long term loans		**4,765,929**	(1,892,068)
Dividend paid to non controlling interests		**(1,081,361)**	(2,100,523)
Long term deposits - net		**3,063**	(175)
Short term borrowings - net		**(4,420,378)**	(357,333)
Net cash used from financing activities		**(732,747)**	(4,350,099)
Net decrease in cash and cash equivalents		**(1,613,020)**	(2,170,858)
Cash and cash equivalents at beginning of the year		**11,625,105**	13,795,963
Cash and cash equivalents at end of the year		**10,012,085**	11,625,105

The annexed notes from 1 to 55 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chairman

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

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, 2020.

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	55.00%
- Atlas Die Casting (Private) Limited (ADL)	1.7	-
- Atlas Aluminum Limited (AAL)	1.7	-
- Atlas World Wide General Trading LLC (AWWGT)	1.15	49.00%
- Atlas Hitec (Private) Limited (AHPL)	1.16	60.85%
- Zenfa Pakistan New Energy Limited (ZPNEL)	1.17	70.76%
- Atlas DID (Private) Limited (ADIDPL)	1.18	60.00%
- Atlas GCI (Private) Limited (AGCIPL)	1.19	44.34%
- Oyster International Holdings Limited (OIHL)	1.20	100.00%

The year end of all the subsidiaries is same as of the Holding Company except for AHL, AHPL, ADIDPL, AGCIPL, ZPNEL and AIL. The year end of AHPL, ADIDPL and AHL is March 31, and of AIL, AGCIPL and ZPNEL 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 Atlas Islamic Fund of Funds, Atlas Islamic Dedicated Stock 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.

AVL had a liaison office in China which was closed on 20 December 2020. The registered address of the liaison office was No. 49- 2 -14- 17, Xiaolongkan New Street, Shapingba District, Chongqing, China.

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

The Subsidiary Companies were group companies under common control, the merger has been accounted for as a common control transaction and predecessor accounting has been applied.

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.

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.

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

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 AENL is situated at 64 XX, Khayaban -e- Iqbal, DHA Phase III, Lahore.

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

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 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 on commercial companies as amended. It is owned jointly by U.A.E national and SIL. AWWGT is principally engaged in general trading activities. The Group was established on February 25, 2007. The registered office is office 3105-42, 30th Floor, Single business tower, Business bay, Dubai, United Arab Emirates.

1.16 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.

1.17 Zenfa Pakistan New Energy Limited (ZPNEL)

Zhenfa Pakistan New Energy Company (Private) Limited" the Company" is incorporated in Pakistan on September 04, 2014 under the Companies Ordinance, 1984 with object to construct, operate and own an 100 MW solar power plant for generation and supply of electricity . The registered office of the company is situated at 64/XX, Khayaban-e-Iqbal DHA Phase 3, Lahore, Punjab. The company is building solar energy power project, which is at the stage of pre-operational. Currently all the payments are being made for solely devolvement of the project and the company is bound to comply with all rules, regularization and directions of The National Electric Power Regulatory Authority (NEPRA).

During the year, on October 08, 2019, SIL and APL has acquired 20% and 60% shareholding of ZPNEL.

1.18 Atlas DID (Private) Limited (ADIDPL)

ADIDPL is a private limited company incorporated in Pakistan on July 22, 2019, under the Companies Act, 2017. The registered office is situated at 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi. ADIDPL is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools. The manufacturing facility of the ADIDPL is situated at Karachi.

During the year, AAPL has acquired 60% shareholding of ADIDPL.

1.19 Atlas GCI (Private) Limited (AGCIPL)

Atlas GCI (Private) Limited (the Company) was incorporated as a private limited company in Pakistan on August 06, 2019 under the Companies Act, 2017. The registered office is situated at 2nd floor, Federation House, Shahrah-e- Firdousi, Karachi Saddar Town, Sindh. The Company shall be engaged in manufacturing of circuit assemblies for electric components of two wheeler vehicles.

During the year, on January 22, 2020, AAPL and AHPL has acquired 20% and 40% shareholding of AGCIPL.

1.20 Oyster International Holdings Limited (OIHL)

OIHL is an offshore Free Zone Company incorporated on April 25, 2017 with limited liability formed in accordance with the Offshore Companies Regulations of Jebel Ali Free Zone of 2003 (and amendment) and is registered with the Jebel Ali Free Zone Authority under Registration No. 188433. The licensed activity of the Company is general trading and holding activities.

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 year:

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity.
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

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

4.2 IFRS 16 "Leases"

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

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

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

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

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

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

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

	July 01, 2019 (Rupees in '000)
Increase in RoU asset	1,434,632
Increase in net investment in finance lease	56,181
Decrease in operating fixed assets	(74,512)
Decrease in prepayments and other receivables	(7,125)
Increase in total assets	1,409,176
Increase in lease liability against assets subject to finance lease	(1,360,680)
Increase in net assets	48,496

The Group also applied the available practical expedients wherein it:

Used a single discount rate to a portfolio of leases with reasonably similar characteristics.

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	1,580,254
Weighted average incremental borrowing rate as at July 01, 2019	12.95%
Discounted operating lease commitments as at July 01, 2019	1,445,688
Less: Commitments relating to short-term leases	(22,279)
Lease liabilities as July 01, 2019	1,423,409

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

	Net Investment in Finance Lease	**RoU asset**	**Lease liability**
	-------- (Rupees in '000)		----------
As at July 01, 2019	58,785	1,434,630	1,423,409
Depreciation expense	-	(230,833)	-
Additions during the period	-	45,386	45,386
Interest income / expense	5,917	-	153,337
Payments	(8,521)	-	(296,736)
As at June 30, 2020	56,181	1,249,183	1,325,396

Applicability of IFRS - 16 'Leases' - APL

SECP deferred the application of IFRS - 16 to the extent of power purchase agreement till further notification through its S.R.O 986 (I) / 2019 dated September 02, 2019 to all companies that have executed their power purchase agreement (PPA) 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 Dispatch Group Limited (NTDCL) as a lease under IFRS 16.

4.3 Temporary exemption from application of IFRS 9 - (AIL)

IFRS 9, Financial instruments would be effective from period beginning on or after January 1, 2023. As an insurance company, the management has continued its accounting policy to opt for 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.

The management is in the process of assessing the impact of the above amendments on the financial statements of the Company.

4.4 Property, plant and equipment

4.4.1 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 8.1 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.

4.4.2 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.

4.4.3 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 8.3 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.

4.4.4 Right-of-use assets

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

4.5 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.

4.6 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 10 to the financial statements.

4.7 Financial instruments

In the current period, the Group has adopted IFRS 9 Financial Instruments. See note 4.3 for an explanation of the impact. Comparative figures for the year ended June 30, 2019 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.

4.7.1 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.

4.7.2 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.

4.7.3 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.

4.7.4 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.

4.7.5 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 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.

4.9 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:

4.9.1 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.

4.9.2 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.

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4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 Loans and advances

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

4.15 Employee retirement benefits and other obligations

4.15.1 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, 2020 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, 2020 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, 2020. 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, 2020.

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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, 2019, 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, 2020, using the 'Projected Unit Credit Method'.

AVL (Subsidiary Group)

Provision for employee' terminal benefits are in accordance with the labour contract law of People's Republic of China. During the year, the full gratuity was settled as the China company was closed.

4.15.2 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 are 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.

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.

4.15.3 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.

4.15.4 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 Government Grant

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

4.21 Lease liabilities

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

Group as a lessee

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

Lease liabilities

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

Short-term leases

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

Determining the lease term of contracts with renewal and termination options

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

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

Estimating the incremental borrowing rate

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

4.22 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.

4.23 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.

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.

4.24 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.

4.25 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.

4.26 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.

4.27 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.

4.28 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.

4.29 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.

4.30 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.

(a) Classification and valuation of investments

(b) Determining the residual values and useful lives of property, plant and equipment and intangible assets

(c) Determining the residual values and useful lives of investment properties

(d) Accounting for staff retirement benefits

(e) Recognition of taxation and deferred tax

(f) Valuation of leasehold land

(e) Provision for slow moving stock-in-trade and adjustment of stock-in-trade to their net realisable value (NRV)

(g) Allowance for expected credit losses on financial assets

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

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

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

IFRS 9 - Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

IAS 41 - Agriculture – Taxation in fair value measurements

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

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

7. BUSINESS COMBINATION AND ACQUISITION

7.1 Goodwill

During the year, APL and SIL acquired 60% and 20% of the shareholding in Zhenfa Pakistan New Energy Company (Private) Limited on October 08, 2019 for a cash consideration of Rs.0.080 million, AAPL acquired 60% shareholding of Atlas DID Private Limited on November 05, 2020 for Rs.720 million and AAPL and AHPL has acquired 20% and 40% shareholding of Atlas GCI Private Limited on January 22, 2020 for Rs.180 million. The group acquired control in said company to diversify portfolio and market capitalization.

The Group has elected to measure non-controlling interest in subsidiaries at non-controlling interest's proptionate share of net indentifiable assets at the date of acquisition. The fair value of identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	Atlas GCI Private Limited	Atlas DID Private Limited	Zhenfa Pakistan New Energy Company (Private) Limited
	As at January 22, 2020	As at November 05, 2019	As at October 08, 2019
	(Rupees in '000)		
Total identifiable net assets at fair value	302,101	1,207,111	98
Purchase consideration transferred in:			
cash	133,015	414,104	80
kind - property, plant and equipment	-	305,896	-
Non-controlling interest at acquisition date	168,155	482,844	20
	301,170	1,202,844	100
(Bargain purchase) / goodwill arising of acquistion	(931)	(4,266)	2

8. FIXED ASSETS

	Note	2020	2019
		---------- Rupees in '000 ----------	
Property, plant and equipment	8.1	35,833,317	31,437,214
Capital work-in-progress	8.2	1,308,749	1,105,941
Intangible assets	8.3	150,289	185,193
Right of use assets	8.4	1,249,183	-
		38,541,538	32,728,348

8.1 Property, plant and equipment

	Cost / revaluation*				Accumulated depreciation				Carrying value	
	As at July 01, 2019	Additions	Disposals	As at June 30, 2020	As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	As at June 30, 2020	Rate
	(Rupees in '000)									%
Owned										
Land - freehold	493,423	448,151	-	941,574	-	-	-	-	941,574	-
Land - leasehold *	1,986,343	4,784,763	(322,140)	6,448,966	12,579	513	-	13,092	6,435,874	-
Building on freehold land	4,407,163	9,972	-	4,417,135	1,584,652	226,494	-	1,811,146	2,605,989	4
Power plant	17,080,887	-	-	17,080,887	6,499,866	683,235	-	7,183,101	9,897,786	4
Building on leasehold land										
- Factory	713,952	108,512	(3,881)	818,583	210,491	46,736	(944)	256,283	562,300	10
- Generator premises	-	-	-	-	-	-	-	-	-	10
- Residential	153	-	-	153	139	-	-	139	14	5
- Office	1,132,406	120,482	-	1,252,888	297,692	83,453	-	381,145	871,743	5-10
Leasehold improvements	1,494,866	217,566	(56,388)	1,656,044	166,384	105,798	(2,400)	269,782	1,386,262	10
Plant and machinery	16,799,445	2,002,175	(874,475)	17,927,145	7,047,033	1,149,296	(276,413)	7,919,916	10,007,229	10
Generators	281,790	40,022	(74,290)	247,522	87,730	20,319	(56,062)	51,987	195,535	10-35
Electrical equipment and fitting	1,274,670	48,298	(6,469)	1,316,499	527,377	82,408	(1,571)	608,214	708,285	10
Air conditioners	40,910	9,226	(252)	49,884	10,093	3,039	(104)	13,028	36,856	10
Furniture and fixtures	331,807	22,545	(4,404)	349,948	142,561	35,363	(2,150)	175,774	174,174	10
Motor vehicles	1,183,813	496,769	(304,158)	1,376,424	430,986	190,920	(105,698)	516,208	860,216	20
Office equipment	391,659	17,842	(36,275)	373,226	135,272	32,205	(9,203)	158,274	214,952	10
Computers and related equipment	524,841	62,086	(21,007)	565,920	388,187	58,026	(16,064)	430,149	135,771	30
Sui gas, water and drainage lines	39,044	-	-	39,044	13,782	2,527	-	16,309	22,735	10
Measuring instruments, dies, jigs, patterns and other equipment	2,199,548	411,871	(209,254)	2,402,165	1,387,822	398,963	(157,815)	1,628,970	773,195	20
Cargo lift	9,726	-	-	9,726	6,585	314	-	6,899	2,827	20
	50,386,446	8,800,280	(1,912,993)	57,273,733	18,949,231	3,119,609	(628,425)	21,440,416	35,833,317	

	Cost / Revaluation				Accumulated depreciation				Carrying value	
	As at July 01, 2018	Additions / revaluation	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	811,725	20
Cargo lift	9,726	-	-	9,726	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	

8.1.1 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 & 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 an 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.516,440 thousand (2019: Rs.414 thousand).

The latest revaluation of leasehold land was carried out in June, 2020 by M/s. Surval - Engineers, Surveyor and Technical Consultant resulting in surplus amounting to Rs.4,389.46 million which is credited to surplus on revaluation of leasehold land. Had the land been carried at cost. it would have been carried at Rs.63.129 million. Forced sale value of the land at the time of revaluation was Rs.4,002.98 million.

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

	2020	2019
	-------- (Rupees in '000) --------	
Cost of sales and services	2,904,409	2,913,246
Selling and administrative expenses	215,200	281,159
	3,119,609	3,194,405

8.1.3 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							
Plant & Machinery	193,993	107,938	86,055	5,439	(80,616)	Negotiation	M/s. Akram Scrap Dealer
Cummins Power Generator 1540 KW	45,895	32,846	13,049	1,990	(11,059)	Negotiation	M/s. Akram Scrap Dealer
Diesel Genset For IT Servers	3,043	1,329	1,714	261	(1,453)	Negotiation	M/s. Akram Scrap Dealer
Generator 750 KW	2,613	1,032	1,581	241	(1,340)	Negotiation	M/s. Akram Scrap Dealer
Cense Module	1,510	132	1,378	210	(1,168)	Negotiation	M/s. Akram Scrap Dealer
Atomic Absorbtion Spectrometere	1,996	1,422	574	1,785	1,211	Tade In	perkin Elmer Singhapore PTE UOB Palaza
Vehicles							
ABL	1,169	577	592	592	-	Company Policy	Mr Muhammad Ebraheem
ABL	732	224	508	518	10	Company Policy	Mr Muhammad Umar Shareef
ABL	1,300	291	1,009	1,009	-	Company Policy	Mr Adil Hayat
ABL	1,174	631	543	543	-	Company Policy	Mr. Muhammad Arif
ABL	2,122	1,337	785	785	-	Company Policy	Mr. Qasim Imran
ABL	2,122	1,337	785	785	-	Company Policy	Mr. Ahmer Waheed
ABL	2,122	1,337	785	785	-	Company Policy	Mr. Mansoor Jamil
ABL	2,418	1,731	687	2,300	1,613	Negotiation	Ms Dawn Convertic Pvt Ltd SITE Khi
ABL	2,416	1,741	675	2,350	1,675	Negotiation	Ms Dawn Convertic Pvt Ltd SITE Khi
ABL	2,493	1,729	764	764	-	Company Policy	Mr. Ali H Shirazi
ABL	2,122	1,368	754	754	-	Negotiation	Mr. Rizwan Ahmed
ABL	2,328	1,088	1,240	1,240	-	Negotiation	Mr. Mohsin Khan
AAPL	2,513	804	1,709	1,709	-	Company policy	Tariq Wasi
AAPL	2,319	804	1,515	1,515	-	Company policy	Atlas Power
AAPL	2,270	663	1,607	1,607	-	Company policy	Ghazanfar Allah Buksh

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
AAPL	2,215	821	1,394	1,334	-	Company policy	Muhammad Irfan, Employee
AAPL	2,205	831	1,374	1,374	-	Company policy	Zahid Mehmood
AAPL	2,112	1,276	836	836	-	Company policy	Jamil Asghar Khan
AAPL	1,850	334	1,516	1,516	-	Company policy	Zaheer Minhas - Employee
AAPL	1,340	198	1,142	1,142	-	Company Policy	Ambreen Mazhar
AAPL	1,300	213	1,087	1,087	-	Company Policy	Imran Khan
AAPL	1,238	83	1,155	1,155	-	Company Policy	Saddam Shahid
AAPL	1,238	83	1,155	1,155	-	Company Policy	Saddam Hussain
AAPL	863	273	590	590	-	Company Policy	Niaz Muhammad
AAPL	796	191	605	605	-	Company Policy	Akhlaq Ahmed
AAPL	795	164	631	631	-	Company Policy	Naseer Butt
AAPL	795	176	619	619	-	Company Policy	Ahsan
SIL	1,250	477	773	773	-	Company policy	Muhammad Zain
SIL	1,686	787	899	899	-	Company policy	Akber Hassan
SIL	2,328	1,156	1,172	1,172	-	Company policy	Ziaullah Baig
SIL	1,101	44	1,057	1,057	-	Company policy	Muhammad Naeenmuddin
AEL	1,250	499	751	751	-	Company policy	Syed Anwar Hussain
AEL	713	-	713	713	-	Company policy	Mr. Khwaja Naeem Uddin
AEL	713	-	713	713	-	Company policy	Mr. Najeeb Ullah Khan
AEL	712	-	712	712	-	Company policy	Mr. Muhammad Aslam
AEL	562	-	562	562	-	Company policy	Mr. Fazul ur Rehman
STC	2,551	1,673	878	2,263	1,385	Negotiation	Maaz Saleem
STC	1,652	834	818	1,725	907	Negotiation	Asif Hanif
STC	1,094	562	532	905	373	Negotiation	Muhammad Amir
STC	1,250	350	900	900	-	Company policy	Umer Murtaza - Empolyee
STC	1,250	440	810	810	-	Company policy	Emman Muhammad Jadoon
STC	1,800	475	1,325	1,325	-	Company policy	Sajid Moehmood - Empolye
AIL	1,991	1,153	838	838	-	Company policy	Ms Qudsia Naheed
AIL	1,630	931	699	699	-	Company policy	Syed Irtaza Abbas
AIL	1,619	938	681	681	-	Company policy	Mr. Saleem Mehmood
AIL	1,619	660	959	659	(300)	Company policy	Mr. Muhammad Aasim Gul
AIL	1,324	335	989	989	-	Company policy	Mr. Abbas Sajjad
AIL	928	218	710	710	-	Company policy	Mr arif Ali Kakar
AIL	100	36	64	50	(14)	Company policy	Mr. Muhammad Tahir
AML	2,420	1,559	861	1,871	1,010	Negotiation	Mr. Waswwm Mirza Gulshane Iqbal
AML	4,512	2,908	1,604	1,850	246	Negotiation	Wahid Metals Pvt Ltd Mouza Kutla Industries Multan
AHL	1,745	116	1,629	1,529	(100)	Negotiation	Mr Humayoon Khan Gulshan e Iqbal
AHL	2,363	394	1,969	1,969	-	Company policy	Mr Noman Khan

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
AHL	2,315	1,052	1,263	1,263	-	Company policy	Mr Mujahid Malik Butt
AHL	2,315	1,028	1,287	1,287	-	Company policy	Mr Faisal Iqbal
AHL	1,641	989	652	652	-	Company policy	Mr Kashif Aqil
AHL	1,607	343	1,264	1,264	-	Company policy	Mr Zafar Iqbal
AHL	1,270	322	948	948	-	Company policy	Mr Ebarahim Abbas
AHL	1,250	348	902	902	-	Company policy	Mr Qareebullah
AHL	1,250	395	855	855	-	Company policy	Ms Maheen Fatima
AHL	1,250	395	855	855	-	Company policy	Mr Arsalan Hasan
AHL	1,209	499	710	710	-	Company policy	Mr Faisal Naveed
AHL	1,204	545	659	659	-	Company policy	Mr Moazzam Ali gondal
AHL	1,199	566	633	633	-	Company policy	Mr Usman Malik
AHL	1,199	542	657	657	-	Company policy	Mr Sajjad Qaisar
AHL	1,199	542	657	657	-	Company policy	Mr Munwar Badshah
AHL	1,174	555	619	619	-	Company policy	Mr Naqi Shukat
AHL	1,174	543	631	631	-	Company policy	Mr Fawad Tanwri
AHL	1,174	543	631	631	-	Company policy	Mr Rana Bilal
AHL	1,174	543	631	631	-	Company policy	Ms Sara Ahmed
AHL	1,169	610	559	559	-	Company policy	Mr M Sarfaraz Majid
AHL	1,129	545	584	584	-	Company policy	Mr M Qamar Nazir
AHL	1,129	545	584	584	-	Company policy	Mr M Nabeel Hasan
AHL	1,124	531	593	593	-	Company policy	Mr M Imran Siddique
AHL	1,124	542	582	582	-	Company policy	Mr Wasim Ahmed Usmani
AHL	1,124	542	582	582	-	Company policy	Mr. Rameez Baig
AHL	1,124	542	582	582	-	Company policy	Mr. Syed Salman Rizvi
AHL	1,099	508	591	591	-	Company policy	Mr. Masood Shiraz
AHL	871	58	813	813	-	Company policy	Mr. Wajahat Hayat
AHL	818	268	550	550	-	Company policy	Mr. Kashif Ashfaq
AHL	762	234	528	528	-	Company policy	Ms Hamim Noor
AHL	1,703	495	1,208	1,208	-	Company policy	Mr. Nawaid Ali khan
AHL	1,250	395	855	855	-	Company policy	Mr. Asad Talib
AHL	2,997	1,334	1,663	1,663	-	Company policy	Mr. Suhail Ahmed
AHL	2,319	926	1,393	1,393	-	Company policy	Mr. Naeem Mohsin
AHL	2,542	297	2,245	2,245	-	Company policy	Mr. Zeeshan Haris
AHL	1,703	517	1,186	1,186	-	Company policy	Mr. Zahoor Abbas
AHL	2,225	529	1,696	1,696	-	Company policy	Mr. Raja Mohsin
AHL	2,001	1,164	837	837	-	Company policy	Mr. Imtiaz Ahmed Sheikh
AHL	1,512	227	1,285	1,285	-	Company policy	Mr. Sohail Qaiser
AHL	1,476	123	1,353	1,353	-	Company policy	Mr. Adeel Ahmed

	Acquisition Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars
	(Rupees in '000)						
AHL	1,250	400	850	850	-	Company policy	Mr. Asad Maqbool
AHL	1,101	18	1,083	1,083	-	Company policy	Mr. Amir Aftab
AHL	1,101	110	991	991	-	Company policy	Ms. Sara Ashraf
AHL	762	152	610	610	-	Company policy	Mr. Ayaz Ashraf
AHL	762	254	508	508	-	Company policy	Mr. Jawad Ahmed
AHTL	1,270	(406)	1,676	864	(812)	Company policy	Rehan Ahmed Shaikh
AHPL	1,270	406	864	864	-	Company policy	Rehan Ahmed Shaikh
Plant and Machinery							
AHL	14,435	11,824	2,611	396	(2,215)	Scrap	Machine Tech Enterpries New Bilal Ganj Houseing Scheme Wagha Town Lhr
AHL	2,500	1,874	626	24	(602)	Scrap	Ashraf Scrape Dealer, Machike Sargodha Road Sheikupura
Dies & Jigs							
AHL	139,338	97,533	41,805	1,110	(40,695)	Scrap	Rosahn Traders Baway Di Kuttiya Near Fatima Fertilizer Limited, Lhr Road Sheikhupura
Electric and gas fittings							
AHL	-	-	-	-	-	Scrap	ST Traders, 1-I, New Malik Park, Baghatpura, Lahore.
AHL	-	-	-	-	-	Scrap	Roshan Traders, Baway Di Kuttiya, Lahore Road, Sheikhupura.
Apple iphone X 64GB AIL	131	30	101	70	(31)	Negotiation	Sahizada Ahmad Khan
June 2020	**554,305**	**314,426**	**239,879**	**107,904**	**(131,975)**		
June 2019	260,433	78,690	181,743	144,558	(8,277)		

8.1.4 Reconciliation of surplus on revaluation

	2020	2019
	------ (Rupees in '000) ------	
Opening as on July 01	**1,175,681**	937,810
Surplus on revaluation recognised during the year	**4,389,463**	395,300
Reversal of revaluation surplus during the year	-	-
Share of NCI	-	(157,429)
Closing as on June 30	**5,565,145**	1,175,681

8.2 Capital work-in-progress

	2020	2019
	------ (Rupees in '000) ------	
Advance to suppliers and contractors	155,715	2,152
Leasehold improvements	18,636	511,469
Plant and machinery	991,574	552,468
Furniture and fixtures	678	3,121
Factory building	107,190	-
Software, computers and equipment	16,762	17,970
Civil works	9,322	8,682
Factory equipment	2,336	8,615
Advance payment against - motor vehicle	5,517	1,464
Dies and jigs	1,019	-
	1,308,749	1,105,941

8.2.1 During the year, borrowing costs were capitalized to plant and machinery and power generators amounting to Rs. 0.68 million (2019 Rs. 2.73 million) as a part of cost of such assets. The rate used to determine the amount of borrowing costs eligible for capitalisation was 3 months Kibor + 0.5% (2019: 3 months Kibor + 0.5%) which is the EIR of general borrowing.

8.3 Intangible assets

	Note	Cost: As at July 01, 2019	Additions	Disposals	As at June 30, 2020	Accumulated amortisation: As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	Carrying value As at June 30, 2020	Rate %
		(Rupees in '000)									
Computer software	8.3.1	401,686	18,176	(1,865)	417,997	216,493	53,080	(1,865)	267,708	150,289	10-50
2020		401,686	18,176	(1,865)	417,997	216,493	53,080	(1,865)	267,708	150,289	

	Note	Cost: As at July 01, 2018	Additions	Disposals	As at June 30, 2019	Accumulated amortisation: As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019	Carrying value As at June 30, 2019	Rate %
		(Rupees in '000)									
Computer software	8.3.1	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	

8.4 Right of use assets

	2020	2019
	------ (Rupees in '000) ------	
Balance at the beginning of the year	-	-
Transition effect on initial application	1,434,630	-
Additions during the period	45,386	-
Depreciation charged during the year	(230,833)	-
Net book value at the end of the period	1,249,183	-

9. GOODWILL

Acquistion during the year	2	-
Impairment charge during the year	(2)	-
	-	-

9.1 The group has recorded impairment against goodwill recognized on acquisition of Zhenfa Pakistan New Energy Company (Private) Limited owing to the fact that currently subsidiary does not have any revenue generating activities.

10 INVESTMENT PROPERTIES

	Cost: As at July 01, 2019	Additions	Disposals	As at June 30, 2020	Accumulated depreciation: As at July 01, 2019	Charge for the year	Disposals	As at June 30, 2020	Carrying value As at June 30, 2020	Rate %
	(Rupees in '000)									
Freehold land	1,176,128	-	-	1,176,128	-	-	-	-	1,176,128	-
Leasehold land	1,112,678	-	-	1,112,678	84,415	49,821	-	134,236	978,442	5
Warehouse building - on free hold land	68,235	-	-	68,235	30,225	1,901	-	32,126	36,109	5
Warehouse building - on lease hold land	298,275	-	-	298,275	63,868	12,588	-	76,456	221,819	5
Building - freehold land	5,369	-	-	5,369	718	232	-	950	4,419	5
Building - leasehold	257,826	-	-	257,826	101,722	8,545	-	110,267	147,559	5
2019	2,918,511	-	-	2,918,511	280,948	73,087	-	354,035	2,564,476	

	Cost: As at July 01, 2018	Additions	Disposals	As at June 30, 2019	Accumulated depreciation: As at July 01, 2018	Charge for the year	Disposals	As at June 30, 2019	Carrying value 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
2018	2,481,846	692,368	(255,703)	2,918,511	219,217	61,731	-	280,948	2,637,563	

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

	Note	2020	2019
		------ (Rupees in '000) ------	

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

	Note	2020	2019
Investment in associates	11.1	27,851,320	26,688,619
Investment in joint venture	11.2	-	-
		27,851,320	26,688,619

11.1 Investment in associates

	Note	2020	2019
Listed shares	11.1.1	16,072,321	15,891,798
Unlisted shares	11.1.2	62,096	61,604
Mutual Funds	11.1.3	11,716,904	10,735,217
		27,851,320	26,688,619

11.1.1 Listed shares

2020	2019	Name of Company		2020	2019
Number of shares				Carrying value	
				------ (Rupees in '000) ------	
		(These are fully paid ordinary shares of Rs.10 each)			
43,969,650	43,969,650	Honda Atlas Cars (Pakistan) Limited Holding: 30.79% (2019: 30.79%)	9.1.1.1	16,072,321	15,891,798
				16,072,321	15,891,798

11.1.1.1 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) ------			
2020						
Honda Atlas Cars (Pakistan) Limited	30.79%	193.68	1,185,799	9,804,436	4,706,280	5,098,156

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

11.1.2 Unlisted shares

2020	2019	Name of Company	2020	2019
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% (2019: 20.00%) Break-up value: Rs.45.94 (2019: Rs.53.7)	62,096	61,604
			62,096	61,604

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11.1.2.1 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	46,585	6,042	40,543
2020		**492**	**46,585**	**6,042**	**40,543**

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

11.1.3 **Mutual Funds**

2020	2019	Name of Mutual Fund	2020	2019
Number of units			Carrying value	
			Rupees in '000	
4,684,690	4,154,675	Atlas Income Fund - Holding: 65.51% (2019: 71.37%)	**2,227,709**	2,134,458
5,098,072	4,714,240	Atlas Stock Market Fund - Holding: 38.50% (2019: 47.10%)	**2,631,769**	2,377,809
13,918,531	7,911,284	Atlas Sovereign Fund - Holding: 67.45% (2019: 34.49%)	**881,424**	793,771
1,298,906	175,369	Atlas Islamic Stock Fund - Holding: 32.46% (2019: 6.26%)	**576,889**	88,147
4,020	3,982	Atlas Islamic Income Fund - Holding: 0.10% (2019: 0.14%)	**2,030**	2,008
5,933,017	9,194,345	Atlas Money Market Fund - Holding: 45.18% (2019: 45.18%)	**4,648,460**	4,637,822
10,497	-	Atlas Islamic Dedicated Stock Fund - Holding: 1.28% (2019: 0%)	**4,636**	-
208,408	208,227	Atlas Aggressive Allocation Islamic Plan - Holding: 99.43% (2019: 99.47%)	**99,609**	92,430
209,963	209,589	Atlas Moderate Allocation Islamic Plan - Holding: 92.20% (2019: 94.45%)	**104,005**	97,551
241,793	239,376	Atlas Conservative Allocation Islamic Plan - Holding: 98.88% (2019: 98.10%)	**125,196**	118,568
818,923	792,534	Atlas Islamic Capital Preservation Plan - Holding: 89.51% (2019: 89.76%)	**395,098**	392,653
40,157	-	Atlas Islamic Dividend Plan - Holding: 76.83% (2019: 0%)	**20,079**	-
			11,716,904	10,735,217

11.2 **Investment in joint venture**

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

11.2.1 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.

12. LONG TERM INVESTMENTS

	Note	2020	2019
		------ (Rupees in '000) ------	
Investment at fair value through OCI			
Pension Funds	12.1	**341,595**	309,432
Unlisted shares	12.2	-	-
Available-for-sale - others:			
Listed shares	12.3	**1,334,430**	1,280,727
Mutual funds units	12.4	**63,826**	57,198
		1,739,851	1,647,357

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

2020	2019	Name of Fund	2020	2019
Number of units			------ (Rupees in '000) ------	
		Open end		
498,000	498,000	Atlas Pension Fund Units of Rs.100 each	**49,800**	49,800
498,000	498,000	Atlas Pension Islamic Fund Units of Rs.100 each	**49,800**	49,800
		Total cost	**99,600**	99,600
		Unrealised gain on revaluation	**241,995**	209,832
		Total investment at fair value	**341,595**	309,432

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

2020	2019	Name of Company	2020	2019
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% (2019: 5.56%)	**64,748**	64,748
		Less: Provision for impairment	**(64,748)**	(64,748)
350,000	350,000	Arabian Sea Country Club Limited Fully paid ordinary shares of 10 each	**3,500**	3,500
		Less: Provision for impairment	**(3,500)**	(3,500)
50,000	50,000	Automotive Testing & Training Centre (Private) Limited Ordinary shares of Rs.10 each - cost	**500**	500
		Less: Impairment in the value of investment	**(500)**	(500)
			-	-

12.3 Listed securities include an amount of Rs.2,922 million (2019: Rs.1,926.983 million) being the fair market value under an arrangement permissible under Shariah.

12.4 Mutual funds include an amount of Rs.26.485 million (2019: Rs.21.565 million) being the fair market value under an arrangement permissible under Shariah.

13. LONG TERM LOANS - secured, considered good

	Note	2020	2019
		------ (Rupees in '000) ------	
Employees			
Executive Director	13.1	-	-
Executives	13.2	**12,021**	8,769
Other employees			
Interest bearing	13.3	**540**	852
Non-interest bearing	13.4	**96,959**	96,213
		97,499	97,065
Less: Current portion shown under current assets	19	**(57,013)**	(54,842)
		52,507	50,992

13.1 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

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

13.2 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.

13.3 Represent loans provided to employees in accordance with the terms of employment . These carry mark-up at the rate of 1% (2019: 1%) per month and are recoverable in equal monthly installments over a period of maximum 20 months. These are secured against employees' retirement benefits.

13.4 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs. 55,400 thousand (2019: Rs. 48,436 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.

13.5 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.

14. LONG TERM DEPOSITS AND OTHER RECEIVABLES

	2020	2019
	------ (Rupees in '000) ------	
Deposits	**208,676**	59,782
Prepayments	**690,752**	486,093
Deferred commission expense	**70,455**	74,822
	969,883	620,697

15. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2020	2019
		------ (Rupees in '000) ------	
Stores and spare parts - in hand		2,124,003	2,801,157
Loose tools		310,674	388,414
Maintenance spares		513,490	431,088
		2,948,167	3,620,659

16. STOCK-IN-TRADE

	Note	2020	2019
Raw and ancillary materials			
In hand		5,699,415	6,621,845
held with vendors		292,832	393,275
In transit		481,161	145,230
		6,473,408	7,160,350
Work-in-process	39	778,360	757,257
Finished goods			
In hand		1,737,675	1,821,792
In transit		22,539	92,177
	39	1,760,214	1,913,969
Less: Provision for obsolescence	16.1	(194,986)	(303,389)
		8,816,996	9,528,187

16.1 Reconciliation of provision for obsolescence is as follows:

	2020	2019
Balance at the beginning of the year	303,389	88,902
Impact of merger	-	-
Charge for the year	31,921	17,799
Amount written off during the year	(140,324)	196,688
Balance at the end of the year	194,986	303,389

17. TRADE DEBTS

	Note	2020	2019
Considered good	17.1	23,596,460	20,124,105
Considered doubtful		474,680	488,989
Less: Provision for doubtful debts	17.2	(124,443)	(81,163)
		350,237	407,826
Contract assets		85,843	1,319,866
		24,032,540	21,851,797

17.1 These represent 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 penal 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. 5,496 million (June 2019: Rs. 5,022 million) at the KIBOR plus 4.5% (June 2019: KIBOR plus 4.5%) per annum.

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

17.3 Reconciliation of provision against doubtful debts is as follows:

	2020	2019
	------ (Rupees in '000) ------	
Balance at the beginning of the year	56,688	35,508
Charge for the year	32,498	24,805
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	85,561	56,688

18. RECEIVABLE FROM FUNDS UNDER MANAGEMENT

	2020	2019
	------ (Rupees in '000) ------	
Management fee		
Atlas Income Fund	3,123	2,353
Atlas Stock Market Fund	13,608	10,102
Atlas Islamic Stock Fund	3,626	2,748
Atlas Islamic Income Fund	702	358
Atlas Pension Fund	1,073	942
Atlas Islamic Dedicated Stock Fund	723	492
Atlas Money Market Fund	3,030	4,862
Atlas Sovereign Liquid Fund	2,037	374
Atlas Islamic Fund of Funds	9	13
Atlas Islamic Pension Fund	1,010	984
	28,941	23,228
Formation cost		
Atlas Islamic Dedicated Stock Fund	-	1,111
Atlas Islamic Fund of Funds	-	1,121
Atlas Sovereign Liquid Fund	-	260
	-	2,492
	28,941	25,720

18.1 The maximum aggregate amount of receivable from funds under management at the end of any month during the year was Rs.31.6 million (2019: Rs.28.427 million). These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

19. LOANS AND ADVANCES - unsecured, considered good

	Note	2020	2019
		------ (Rupees in '000) ------	
Loans			
To employees - non-interest bearing		516	1,227
Current portion of long term loans	13	57,013	54,842
		57,529	56,069
Advances			
Due from staff	19.1	7,135	11,829
Due from related parties		5,684	15,185
Due from suppliers		126,461	87,936
Others		41,557	80,444
		180,837	195,394
		238,366	251,463

19.1 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.

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2020	2019
		------ (Rupees in '000) ------	
Security / trade deposits		52,706	50,757
Prepayments			
Others		135,889	24,019
Earnest money		137,850	120,325
Less: Allowance for expected credit loss on earnest money		(5,299)	(7,490)
Other receivables			
Letter of credit and guarantee margin		616,626	972,087
Advance against shares		-	3,858
Advisory fee receivable		1,011	747
Profit on term deposit receipt		2,130	-
Income tax refundable		9,231	-
Receivable from Suroor Investments Limited		102,579	102,579
Sales tax refundable		1,098,532	1,280,791
Provident fund		-	5,060
Receivable against disposal of plant and machinery		3,480	1,199
Dividends receivable		-	90,655
Due from related parties		461,899	131,288
Reimbursemet due from employees		-	11
Due from suppliers		7,443	22,029
Withholding tax receivable		45,852	79,460
Rent receivable		-	4,705
receivable against sale of shares		79,692	-
Insurance claim		1,050	116,952
Workers' Profit Participation Fund		301,801	761,075
Receivable from fund under back office accounting services	18.1	4,015	2,159
Insurance / reinsurance receivables		468,903	390,651
Total assets from window takaful		164,875	122,299
Others		169,238	619,882
		3,691,467	4,707,487
Less: Provision against other receivables		(102,968)	(102,579)
		3,909,644	4,792,519

20.1 The maximum aggregate amount of receivable from funds against back office accounting services at the end of any month during the year was Rs. 4.513 million (2019: Rs.2.558 million). These balances are recoverable within one month. As of date of the financial statements, these are neither past due nor impaired.

21. SHORT TERM INVESTMENTS

	Note	2020	2019
		------ (Rupees in '000) ------	
Investment at fair value through other comprehensive income			
Listed Shares	21.1	2,076,744	1,193,143
Available-for-sale			
Term Finance Certificates		20,000	20,000
Investment at fair value through profit or loss			
Pakistan investment bonds	21.2	126,503	143,914
Mutual Funds	21.3	799,227	845,214
Held-to-maturity			
Pakistan investment bonds	21.4	89,519	81,685
Investment at ammortised cost			
Term Deposit Reciepts		300,000	-
		3,411,993	2,283,956

21.1 Listed shares

2020	2019	Name of Fund	Note	2020 Cost	2020 Fair value	2019 Cost	2019 Fair value
Number of certificates				---------- Rupees in '000 ----------			
-	166,175	Pakistan Petroleum Limited		-	-	24,956	24,001
603,935	714,965	The Hub Power Company Limited		62,367	43,785	73,832	56,303
-	208,500	Oil and Gas Development Company Limited		-	-	32,917	27,416
970,880	1,260,980	Habib Bank Limited		182,514	94,049	237,049	142,819
903,591	903,591	Meezan Bank Limited		52,085	62,212	52,085	78,757
11,036,936	5,043,533	Cherat Cement Company Limited		753,107	962,090	569,079	156,148
3,044,150	3,657,650	Bank Alfalah Limited		128,968	102,192	154,959	159,437
1,303,900	1,303,900	United Bank Limited		228,800	134,771	228,800	192,169
13,177	367,290	Engro Corporation Limited		3,443	3,860	95,979	97,552
744,400	894,400	International Steels Limited		85,125	38,448	102,278	35,517
3,458,934	2,319,434	Systems Limited		178,280	635,337	10,731	222,596
-	900	Archroma Pakistan Limited		-	-	425	428
			21.1.1	1,674,689	2,076,744	1,583,092	1,193,143

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

21.2 **Investment in Government securities**

2020	2019		Note	2020	2019
------ (Rupees in '000) ------				------ (Rupees in '000) ------	
Face value				Fair value	
-	110,000	Pakistan Investment Bond (10 Years)		-	82,161
75,000	75,000	Pakistan Investment Bond (5 Years)		75,036	61,753
50,000	-	Pakistan Investment Bond (3 Years)		51,467	-
				126,503	143,914

21.3 **Mutual funds**

2020	2019	Name of Company / Funds	Note	2020	2019
Number of units				------ (Rupees in '000) ------	
1,350,883	1,223,825	HBL Money Market Fund	21.3.1	138,268	124,978
6,191,288	2,548,499	Lakson Money Market Fund		622,601	271,214
-	3,743,327	Lakson Income Fund		-	398,699
815,389	795,579	National Investment (Unit) Trust		38,356	50,320
62	53	NIT Government Bond Fund		1	1
176	172	NIT Islamic Equity Fund		1	2
				799,227	845,214

21.3.1 1,350,883 units of HBL Money Market Fund valuing Rs.138,268 thousand (2019: 1,223,815 units of HBL Money Market Fund valuing Rs.124,978 thousand) are under lien of a commercial bank against guarantees aggregating Rs.115,711 thousand (2019: Rs.105,711 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.

21.4 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.

22. NON-CURRENT ASSET HELF FOR SALE

	2020	2019
	------ (Rupees in '000) ------	
Carrying amount	123,918	-
Impairment loss	(110,000)	-
	13,918	-

22.1 The above assets were transferred to the Company from Atlas Aluminum (Private) Limited (ATAL). ATAL closed the aluminum plant prior to amalgamation due to lower production output as compared to output expected. The management of the Company intends to dispose-off the plant and has classified the above assets related to discontinued aluminum business as held for sale. The Company has also recorded an impairment loss of Rs.110 million during the year on the above assets to reflect their realizable values. The intended mode of disposal would be outright sale or through any other means.

23. CASH, BANK BALANCES AND DEPOSITS

	Note	2020	2019
		------ (Rupees in '000) ------	
Cash in hand		2,032	982
Bank balances and deposits			
In current accounts (including US$ 11 thousand)		1,066,176	650,604
In PLS saving accounts	23.1	2,573,465	4,037,923
Term Deposit Receipts / Treasury bills	23.2	6,360,000	6,546,200
Cheques in hand	23.3	10,412	389,396
		10,012,085	11,625,105

23.1 These carry interest rates ranging from 6.53% to 12.00% (2019: 7.35% to 13.15%) per annum.

23.2 These carry a mark-up rates ranging from 12% to 15% (2019: 11.1% to 11.2%) per annum. These include term deposit receipts of Rs.10 million (2019: Rs.10 million) are under lien with the bank against a bank guarantee issued on behalf of the Group.

23.3 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.

24. SHARE CAPITAL

Authorised Capital

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

Issued, subscribed and paid-up capital

2020	2019		2020	2019
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

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

24.2 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.

25. LONG TERM LOANS - secured

Limit (Rupees in million)	Tenure	Number of Installments / mode	Rate of mark-up	Note	2020	2019
					------ (Rupees in '000) ------	
500	2018 - 2024	16 / quarterly	3 months KIBOR + 0.60%	25.1	**468,750**	500,000
500	2019 - 2026	10 / Semi annual	6 months KIBOR + 0.95%	25.2	**500,000**	-
2,000	2018 - 2021	Semi annual	6 months KIBOR + 0.2%	25.3	**2,000,000**	2,000,000
3,000	2019 - 2026	quarterly	3 months KIBOR + 1.5%	25.4	**3,000,000**	-
1,500	2019 - 2024	6 equal buyout prices	3 Months KIBOR + 1.5%	25.5	**1,500,000**	-
500	2019 - 2023	18 / quarterly	6 months KIBOR + 0.95%	25.6	**300,000**	-
270	2019 - 2023	40 / quarterly	4.75% - 4%	25.7	**203,000**	-
2,000	2019 - 2024	8 / Semi annual	6 months KIBOR plus 0.6%	25.8	**500,000**	-
14,970	2009 - 2019	40 / quarterly	3 months KIBOR + 3%		-	1,207,473
					8,471,750	3,707,473
Interest free loans						
Vehicle loans					**4,820**	3,168
Less: Current portion of long term loans shown under current liabilities					**(1,144,831)**	(1,269,973)
					7,331,739	2,440,668

25.1 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. The principal repayments has been further deferred for twelve months inline with the State Bank of Pakistan's BPRD Circular letter No. 13 of 2020 dated March 26, 2020.

25.2 The Group has obtained demand finance from National Bank of Pakistan for the purpose of strategic investments. The loan is secured against first part passu by the way of hypothecation on existing and future plant & machinery and equipment with 25% margin amounting to Rs.666,667 thousands.

25.3 During the year ended 30 June 2018, the Group acquired a long term loan from a commercial bank. The facility is secured against ranking hypothecation charge over all present and future movable fixed assets with 20% margin.

25.4 During the year, the Group acquired a long term loan from a commercial bank. The facility is secured against 1st Pari Passu charge over present and future fixed assets (Land, Building, Plant, Machinery) of the company with 25% margin.

25.5 During the year, the Group acquired an Islamic financing facility i.e. Diminishing Musharakah from an Islamic Bank from NBP (a related party). The sharing ratio of bank and the company are 75:25 in the Musharakah Assets. Repayment will be started from 2022 of 6 equal buyout prices (installments). This facility is availed using a security i.e. First Pari-Passu hypothecation charge over plant & machinery with 25% margin and Comprehensive insurance cover by Insurer for 100% of the value charged Assets.

25.6 This represents financing obtained from a commercial bank for capital expenditure (incurred and to be incurred). The facility is secured by way of first pari-passu charge over immovable fixed assets and by way of hypothecation on movable fixed assets of the Company.

25.7 During the year, Group obtained long term loans from SBP under Green financing facility. The loan is obtained by the Company for the purpose of financing the capital expenditure incurred during the year. These facilities were secured by current and non-current assets of the Company with the margin of 10% and 20% respectively. These facilities also includes certain financial covenants, breaches in meeting the financial covenants would permit the bank to immediately call these bank facilities.

25.8 The Company has obtained term loan from Allied Bank Limited for the purpose of balance sheet re-profiling. The loan is secured against first pari passu hypothecation charge on plant & machinery with 25% margin.

26. LONG TERM FINANCING - GOVERNMENT GRANT

Represents financing obtained from a commercial bank under the refinance scheme for payment of wages and salaries introduced by State Bank of Pakistan carrying mark-up at the rate of 1% per annum. The loan along with the markup is repayable in 8 equal quarterly installments commencing from January 2021. The facility is secured by way of EM charge on various properties of PKR 2000 Million & first pari passu hypothecation charge over current and non-current assets with 25% margin. The total facility of the loan amounted to Rs. 231.59 million (2019: Nil) out of which Rs. 100.39 million (2019: Nil) remained unutilized as at the statement of financial position date.

This loan is initially recorded at present value discounted at the effective interest rate i.e. 3 months KIBOR + 1% and the difference of the actual proceeds and present value is recognized as a deferred income - government grant. The purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to their employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not lay off, terminate employee of or other wise dismiss any employee for a period of atleast three months from the date of receipt of the first tranche, except in the event of disciplinery action. The maturity analysis of the financing under refinance scheme for salaries and wages is as follows:

	2020	2019
	------ (Rupees in '000) ------	
Not later than one year	117,438	-
Later than one year and not later than five years	354,600	-
	472,038	-
Current maturity shown under current liabilities	(117,438)	-
	354,600	-

27. LONG TERM DEPOSITS

	Note	2020	2019
		------ (Rupees in '000) ------	
Deposits from employees	27.1	12,303	9,240
Less: Current portion shown under current liabilities		3,354	1,029
		8,949	8,211

27.1 These represent 10% of cost of vehicle recoverable from employees - Key Management Personnel 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

28. DEFERRED LIABILITIES

	Note	2020	2019
		------ (Rupees in '000) ------	
Provision for employees' compensated absences	28.1 & 28.2	600,196	537,275
Provision for long service award	28.2	16,377	11,774
Provision for staff gratuity fund		74,324	54,553
		690,898	603,602

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

28.2 These include provision amounting to Rs.50.168 million for key management personnel of the Group.

28.3 Payable to staff gratuity fund

28.3.1 Reconciliation of obligations as at year end

	Non-management	
	2020	2019
	------ (Rupees in '000) ------	
Present value of defined benefit obligation	60,250	59,983
Fair value of plan assets	(103,011)	(103,105)
Net liability at end of the year	(42,761)	(43,122)

	Non-management	
	2020	2019
	------ (Rupees in '000) ------	

28.3.2 Movement in net liability

	2020	2019
Net liability at beginning of the year	22,225	28,040
Charge for the year	(2,793)	(1,254)
Benefits paid during the year	(2,119)	(3,932)
Re-measurement chargeable in other comprehensive income	5,222	5,437
Contributions	1,228	(6,066)
Net liability at end of the year	23,763	22,225

28.3.3 Charge for the year

	2020	2019
Current service costs	2,527	2,372
Interest costs	(3,048)	(2,429)
Charge for the year	(521)	(57)

28.3.4 Movement in defined benefit obligation

	2020	2019
Present value of defined benefit obligation at beginning of the year	91,954	57,922
Current service costs	7,527	7,372
Interest costs	35,937	33,113
Benefits paid during the year	(6,349)	(6,684)
Actuarial (gain) / loss	(1,273)	231
Present value of defined benefit obligation at end of the year	127,796	91,954

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

	Non-management	
	2020	2019
	-------- Percentages --------	
Rate of salary increase (per annum)	8.63%	11.44%
Discount rate (per annum)	9.63%	12.44%

29. LEASE LIABILITIES

	2020	2019
	------ (Rupees in '000) ------	
Lease liabilities	1,325,396	-
Current portion of lease liabilities	(161,582)	-
	1,163,814	-

30. DEFERRED INCOME

	2020	2019
Balance at beginning of the year	-	-
Recognized during the year	50,693	-
Ammortization of deferred income - government grant	(2,649)	-
Balance at end of the year	48,044	-
Less: Current portion of deferred income - government grant	(27,753)	-
	20,291	-

31. DEFERRED TAXATION	Note	2020	2019
		------ (Rupees in '000) ------	
Deferred tax liability arising in respect of:			
- accelerated tax depreciation		1,925,355	1,795,048
- Net Investment in Finance lease		25	-
- Right of use asset		107	-
- investment in associates and joint venture		5,473	-
- amortisation		31	140
- Provision for bonus		-	464
- Unrealised gain on investments at fair value through OCI		118,801	-
- Provision for tax on share of profit from associate		700,039	-
Deferred tax asset arising in respect of:			
- employees retirement benefits		(38,906)	(25,875)
- Alternative Corporate Tax over and above Normal Tax Regime u/s 113C		(378,949)	-
- Unrealised loss on investments at fair value through OCI		-	(48,515)
- provisions		(828,653)	(421,226)
- Lease liabilities - net		(13,598)	-
- Other		(2,394)	-
- reclassification of advance tax to deferred tax		-	-
Deferred tax liability		1,487,332	1,300,036

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

	2020	2019
Balance at beginning of the year	2,213,380	1,912,242
Charged during the year over share of profit from associates	700,039	395,129
Charged during the year	(832,361)	(93,991)
Balance at end of the year	2,081,058	2,213,380

32. TRADE AND OTHER PAYABLES

	Note	2020	2019
Trade payables		6,126,040	9,068,645
Import bills payable		129,376	-
Royalty payable	32.1	1,051,354	1,110,181
Retention money		4,056	13,921
Accrued liabilities	32.2	3,799,465	2,862,362
Workers' Profit Participation Fund		367,648	459,587
Workers' Welfare Fund		100,420	116,988
Withholding tax payable		167,416	17,467
Sales tax payable - net		202,505	115,224
Due to related parties		14,572	(91,240)
Advance against sale of land		287,400	-
Custom duty payable	32.3	294,938	120,726
Advances from customers		4,106,838	7,249,500
Payable to staff gratuity fund	32.4	146,157	136,041
Provision for compensated absense		22,093	23,520
Unclaimed dividend		239,867	221,188
Bonus payable		322,120	231,236
Premium received in advance		30,112	27,333
Insurance / reinsurance payable		524,336	202,973
Advance against liquidation of subsidiary		-	-
Total liabilities from window takaful operations		40,850	38,547
Provision for outstanding claims		655,587	689,126
Provision for unearned premium		1,009,271	820,024
Provision for warranty		166,872	160,299
Commission income unearned		139,193	108,999
Sindh government infrastructure fee	32.5	227,206	149,655
provision for gas infrastructure development		482,124	321,087
Deposits from employees		3,422	4,044
Others		340,323	246,524
		21,001,561	24,423,957

32.1 Includes Rs. 964.40 Million (2019: Rs.985.521 million) due to Honda Motor Company Limited, Japan - a related party.

32.2 Includes Rs.19.908 million (2019: Rs.0.747 million) and Rs.23.115 million (2019: Rs.21.593 million) due to Honda Motor Company Limited, Japan and Denso Corporation respectivetly - related parties.

32.3 The Company 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. $65(I)/2006 (SRO) dated June 06, 2006 as amended vide SRO 564(I)/2008 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 Company which has established (L/C) before June 11, 2008. The Company 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 Company by Sir dh High Court on 25 March 2019 and department was directed to discharge the post dated cheque issued by Company. However, department filed an intra court appeal regarding the matter in the Sir dh High Court dated 13 April 2019. Since the matter is still pending adjudication, the Company has continued to hold the provision created as discussed above.

	Management 2020	Management 2019
32.4 Payable to staff gratuity fund	------ (Rupees in '000) ------	
32.4.1 Reconciliation of obligation as at year end		
Present value of defined benefit obligation	**949,254**	920,992
Fair value of plan assets	**(695,898)**	(680,491)
Receivable / (Payable) to associated companies in respect of transferees	**31,769**	(22,003)
	285,125	218,498
Unrecognised actuarial loss	**-**	-
Unrecognised non-vested liability promotion	**-**	-
Net liability at end of the year	**285,125**	218,498
32.4.2 Movement in net liability		
Net liability at beginning of the year	**83,879**	70,817
Charge for the year	**89,635**	73,145
Re-measurement chargeable in other comprehensive income	**756**	55,119
Contributions	**(61,826)**	(92,004)
Benefits paid	**-**	(23,198)
Net liability at end of the year	**112,444**	83,879
32.4.3 Charge for the year		
Current service cost	**60,076**	60,924
Interest cost	**72,021**	36,530
Expected return on assets	**(37,653)**	(19,789)
Amortisation of loss	**(4,911)**	(5,517)
Charge for the year	**89,533**	72,148
32.4.4 Movement in defined benefit obligation		
Present value of defined benefit obligation at beginning of the year	**920,992**	884,971
Current service cost	**60,076**	61,632
Interest cost	**130,754**	76,383
Benefits paid during the year	**(70,814)**	(78,146)
Actuarial (loss) / gain	**(15,245)**	11,531
Liability recognised in respect of transferees	**(76,509)**	(35,379)
Present value of defined benefit obligation at end of the year	**949,254**	920,992
32.4.5 Movement in fair value of plan assets		
Fair value of plan assets at beginning of the year	**680,491**	707,713
Expected return on plan assets	**42,165**	24,158
Contributions made by the Group	**61,826**	92,004
Benefits paid during the year	**(70,814)**	(78,145)
Transfer of assets in respect of transferees	**(15,118)**	(53,169)
Actuarial loss	**(2,652)**	(12,070)
Fair value of plan assets at end of the year	**695,898**	680,491

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

	Management 2020	Management 2019
	-------- Percentages --------	
Rate of salary increase (per annum)	**8.91%**	10.84%
Rate of return (per annum)	**7.66%**	5.66%
Discount rate (per annum)	**9.34%**	14.00%

	2020	2019
	------ (Rupees in '000) ------	
32.4.7 Actual return on plan assets	**43,515**	5,384

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

32.4.9 Expected contribution to the fund for the year ending June 30, 2021 is Rs.41.541 million.

32.4.10 Comparison for five years:

	2020	2019	2018	2017	2016
	---------------------- (Rupees in '000) ----------------------				
Present value of defined benefit obligation	**949,254**	920,992	884,971	754,443	262,037
Fair value of plan assets	**(695,898)**	(680,491)	(707,713)	(685,113)	(156,871)
Deficit	**253,356**	240,501	177,258	69,330	105,166
Experience adjustments:					
Loss on plan liabilities	**(25,364)**	30,915	16,920	8,560	4,128
Loss on plan assets	**(2,661)**	(10,438)	(8,675)	12,089	(256)

32.5 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 Company, 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 3, 2014 has granted the above-mentioned interim relief to the Company and directed to take up the petition along with identical petitions on the next date of hearing. As at June 30, 2020, the Company has provided bank guarantees amounting Rs.90,000 thousand (2019: Rs.80,000 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 Company's favour.

33. SHORT TERM BORROWINGS - SECURED

	Note	2020	2019
		------ (Rupees in '000) ------	
Running finance under mark-up arrangements	33.1	**3,600,990**	8,699,862
Money market facilities under mark-up arrangement	33.2	**4,730,000**	1,350,014
Short term loans	33.3	**-**	80,000
Islamic financing	33.4	**7,351,933**	9,982,816
Demand finance		**9,391**	-
		15,692,314	20,112,692

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33.1 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs.3,600.99 million (2019: Rs.38,037 million) from various commercial banks carrying mark-up ranging between 3 month KIBOR plus 0.25% to 3 month KIBOR plus 2% 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 and tools and pledge of share and mutual funds units. The unavailed aggregate credit facility of running finances amounts to Rs.1,611.922 million (2019: Rs.24,457 million). These include an amount of Rs.4,580.533 million (2019: Rs.1,703 million).

33.2 Represents utilized portion of facilities for money market financing available from various banks amounting to Rs.154.58 million (2019: Rs. 1,350 million), total limit of facilities is Rs. 154.58 million (2019: Rs. 1,350 million). The repayments are due on various dates, during next twelve months. The rate of mark-up ranges from 8.67% to 14.31% (2019: 10.90% to 13.34%) per annum and are payable with various maturity dates and are secured by way of hypothecation over fuel and receivables with 20% margin.

33.3 Represents facility for short-term loan obtained from a commercial bank amounted to Rs.Nil (2019: Rs.3,770 million) of which Rs. Nil (2019: Rs.3,690 million) remained unutilized at year end. The facility carries mark-up at the rate ranging from (2019: 7.02% to 11.99%) 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.

33.4 These facilities for murahaba and musharakah finance are arranged from various Islamic commercial banks amounting to Rs.7.169 million (2019: Rs.16,280 million) carrying profit at the rates ranging from 8.88% to 14.47% (2019: 10.99% to 14.31%) per annum. The said facilities are secured by way of hypothecation over fuel and receivables with 20% margin. The limit of the facility amounting to Rs.11.850 million.

34. CONTINGENCIES & COMMITMENTS

34.1 Contingencies in respect of subsidiaries

34.1.1 Atlas Power Limited (APL)

34.1.1.1 The Company received a show cause notice from FBR on 19 August 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.

34.1.1.2 The Company received a show cause notice from FBR on 19 August 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.

On 07 August 2019, 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 report does not mention any specific clause of PPA which has been violated by the Company and since this whole arrangement is of contractual nature which is governed by PPA, Government can't unilaterally penalise the Company on the basis of report unless and until the Company has breached any clause of PPA.

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.

34.1.2 Atlas Asset Management Limited (AAML)

34.1.2.1 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 of 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 of 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, duty 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.

34.1.2.2 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 filed 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 favour.

34.1.3 Atlas Battery Limited (ABL)

34.1.3.1 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 roceeding 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.

34.1.3.2 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 has been heard and the order in this regard is awaited.

34.1.3.3 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.

34.1.3.4 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 (ATIR). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh. The tax department has initiated the remand back proceedings and the Company has submitted the relevant information.

34.1.3.5 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.4.327 million including penalty.

The Company filed an appeal before Commissioner (Appeal), PRA, Lahore on June 23, 2017 against the aforementioned demand who also upheld the order of the Assessing Officer on October 03, 2017. The Company then filed an appeal before Appellate Tribunal, PRA, Lahore on November 23, 2017. The Appellate Tribunal has granted a stay against demand on November 29, 2017. The main appeal is pending before the Appellate Tribunal.

34.1.3.6 Additional Commissioner Inland Revenue (ACIR), Large Taxpayers Unit, Karachi, for the tax year 2016 passed an order dated November 30, 2017 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 23, 2018 against the abovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue (ATIR). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh while no decision was given in respect of levy of tax payment of rent. The tax department has initiated the remand back proceedings and the Company has submitted the relevant information.

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). Moreover, the company has obtained stay from the Sindh High Court against the demand confirmed by CIR(A). ATIR on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers with the direction to the income tax authorities to examine the issue afresh. The tax department has initiated the remand back proceedings and the Company has submitted the relevant information.

34.1.3.7 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, Karachi conducted sales tax investigative audit for the period from July 2013 to June 2018 and passed an order dated November 14, 2019 with respect to (i) input tax claims against purchases from certain suppliers whose status was subsequently found as blacklisted / suspended on FBR web portal, (ii) input tax claims against purchases which were alleged to be inadmissible as per Sales Tax Act, 1990 (Act) & (iii) non-payment of extra tax on sales. DCIR, through abovementioned order raised an aggregate demand of Rs.49.041 million (including default surcharge and penalty of Rs.18.297 million).

The Company paid Rs.2.557 (including default surcharge and penalty of Rs.0.708 million) being amount not contested and filed an appeal on December 11, 2019 before Commissioner Inland Revenue Appeals CIR(A) under section 45(B) of the Act against the above order for remaining amount. Pursuant to the appeal, the CIR(A), through his order dated December 30, 2019, granted partial relief to the Company in respect of the above mentioned points by disallowing demand to the tune of Rs.11.154 million and remanded back the allegations involving sales tax to the tune of Rs.17.741 million (both without default surcharge and penalty). Further, CIR(A) also order the DCIR to re-work the amount of default surcharge and penalty after giving effect of appeal order. However, the CIR has filed an appeal on February 20, 2020 against the bovementioned order of CIR(A) before the Appellate Tribunal Inland Revenue; which is pending for hearing.

34.1.3.8 OUTSTANDING BANK GUARANTIES

Guarantees aggregating Rs.115,711 thousand (2019: Rs.105,711 thousand) are issued by a commercial bank on behalf of the Company to Sui Southern Gas Co. Ltd., Pakistan State Oil Co. Ltd. and Excise and Taxation Department, Government of Sindh.

34.1.4 Atlas Honda Limited (AHL)

34.1.4.1 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 the Company and hence no provision is made in these financial statements.

34.1.4.2 Guarantees aggregating to Rs. 875,370 thousand (2019: Rs. 782,422 thousand) have been issued by commercial banks to government and semi government institutions for import of raw materials and supply of goods.

34.1.5 Atlas Insurance Limited (AIL)

34.1.5.1 The tax authorities had raised demand amounting to Rs. 117,817 (thousand) 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 (thousand). 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 recognized in these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

34.1.5.2 For tax year 2005, the tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand).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 these financial statements since the management in consultation with their tax advisor believes that there are meritorious grounds that the case will be decided in favor of the Company.

34.1.6 Atlas Metal (Private) Limited (AML)

34.1.6.1 On June 13, 2018, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company 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. 140,555,962. The Company 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 28 September 2019, ACIR raised the demand against the notice amounting Rs.140,555,962 along with default surcharge and penalty The Company has filed appeal before Commissioner IR Appeals where the case is decided in favor of the company against the order no. 03, dated January 30, 2020.

34.1.6.2 On 3 September 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 Company 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. 32,474,357. The Company 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 the company has complied with all the requirements 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.32,474,357. The company has filed appeal before Commissioner IR Appeals where the case is decided in favor of the company against the order no. 12, dated February 02, 2020.

34.1.6.3 On February 06, 2019, the Additional Commissioner Inland Revenue (ACIR) issued a show cause notice against the Company for the tax period from February 2014 to September 2017, stating that the Company has claimed inadmissible input tax on the purchases from certain suspended blacklisted suppliers amounting to Rs. 117,269,444. The Company 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 the company 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.135,974,289 along with default surcharge and penalty. The company has filed appeal before Commissioner IR Appeals where the case is decided in favor of the company against the order no. 01, dated March 03, 2020.

34.2 Commitments

	2020	2019
	------ (Rupees in '000) ------	
Guarantees issued by banks on behalf of the Group	1,166,560	1,043,966
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.	192,141	237,852
Guarantees in local currency	4,407,183	4,375,000
Letter of credit in favour of the Group	2,067,487	416,566
Letters of credit for other than capital expenditure, contracts and guarantees	256,793	606,093
Letter of credit in respect of capital expenditure	276,831	1,969,047
Commitment for capital expenditure	-	70,913
Commitments for rentals under Ijarah finance agreement	70,278	173,135
Commitments in respect of office rent expense	66,196	75,112
Claims against the Company not acknowledged as debt	101,677	74,687

34.2.1 The Group has revised operation and maintenance agreement with MAN Diesel & Turbo Operation Pakistan (Private) Limited for a period of six years starting from 01 July 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.

35. SALES OF GOODS AND RENDERING OF SERVICES

	Note	2020	2019
		------ (Rupees in '000) ------	
Sales		151,081,242	167,205,102
Commission income	35.1	1,482,676	1,441,138
Service income		255,179	330,979
		152,819,097	168,977,219
Less: Sales tax		(21,556,157)	(21,443,810)
Less: Discounts		(2,704,721)	(3,256,500)
Sales - net		128,558,219	144,276,909

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

36. FEE / COMMISSION FROM ASSET MANAGEMENT

	2020			2019		
	Management fee	Commission	Total	Management fee	Commission	Total
	------ (Rupees in '000) ------					
Open-ended						
Atlas Income Fund	34,513	-	34,513	34,305	-	34,305
Atlas Islamic Income Fund	7,659	-	7,659	2,805	-	2,805
Atlas Islamic Stock Fund	36,324	-	36,324	32,909	-	32,909
Atlas Money Market Fund	54,780	-	54,780	65,632	-	65,632
Atlas Pension Fund	12,993	-	12,993	10,236	-	10,236
Atlas Gold Fund	-	-	-	-	-	-
Atlas Sovereign Liquid Fund	25,148	-	25,148	2,123	-	2,123
Atlas Pension Islamic Fund	13,051	-	13,051	10,622	-	10,622
Atlas Islamic Dedicated Stock	8,351	-	8,351	2,199	-	2,199
Atlas islamic Fund of Funds	139	-	139	140	-	140
Atlas Stock Market Fund	156,162	-	156,162	114,435	-	114,435
	349,120	-	349,120	275,406	-	275,406

36.1 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 assets of the Pension Fund. During the year, the Company has charged its management fee at the following rates:

- Atlas Income Fund - 0.80% (2019: 0.80%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Income Fund - 0.30% (2019: 0.30%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Stock Fund - 2.00% (2019: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Money Market Fund - 0.45% (2019: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Pension Fund - 1.50% (2019: 1.50%) per annum of the average annual net assets for the reported period.
- Atlas Stock Market Fund - 2.00% (2019: 2.00%) per annum of the average annual net assets for the reported period.
- Atlas Sovereign Fund - 0.45% (2019: 0.45%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Dedicated Stock Fund - 2.00% (2019: 2.00%) 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% (2019: 1.5%) per annum of the average annual net assets for the reported period.
- Debt Sub Fund - 0.75% (2019: 0.75%) per annum of the average annual net assets for the reported period.
- Money Market Sub Fund - 0.5% (2019: 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% (2019: 1%) per annum of the average annual net assets for the reported period.
- Atlas Moderate Allocation Islamic Plan - 1% (2019: 1%) per annum of the average annual net assets for the reported period.
- Atlas Conservative Allocation Islamic Plan - 1% (2019: 1%) per annum of the average annual net assets for the reported period.
- Atlas Islamic Capital Preservation Plan - 1% (2019: 1%) per annum of the average annual net assets for the reported period.

37. RENTAL INCOME

Rental income from investment properties		
Warehouse building - on freehold land	**156,905**	145,384
Warehouse building - on leasehold land	**63,059**	89,425
Building - leasehold	**51,800**	50,224
	271,764	285,033

38. OTHER OPERATING INCOME

Income on loans, advances and bank balances	**975,647**	663,764
Net gain on investments carried at fair value through profit or loss		
- Net gain / (loss) on sale of investments	**126,032**	(55,940)
- Net unrealised gain / (loss) on revaluation of investments	**41,636**	(97,581)
	167,668	(153,521)
Net (loss) / gain on sale of fixed assets	**(35,883)**	381,841
Ammortisation of discount - T bills	**1,913**	-
Ammortisation of long term financing - government grant	**943**	-
Allowance for expected credit loss	**(15,393)**	-
Net gain / (loss) on sale / redemption of available-for-sale investments	**62,226**	(42,830)
Reversal of allowance for expected credit loss - net	**6,866**	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	**21,449**	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	**(14,361)**	(27,816)
Bargain purchase	**5,198**	-
Impairment of goodwill	**(2)**	-
Reversal of impairment on subsidiary	**730,843**	-
Other	**144,073**	16,924
	2,051,187	1,046,241

39. COST OF SALES AND SERVICES

	Note	2020	2019
		------ (Rupees in '000) ------	
Cost of sales			
Raw and ancillary materials consumed		86,536,582	89,556,314
Salaries, wages and benefits	39.1	4,981,694	4,974,868
Spare parts and other maintenance		832,103	722,577
Travelling and conveyance		177,268	273,982
Store consumption		1,224,990	1,247,869
Fuel, water and power		5,380,003	10,222,225
Rent rates and taxes		161,308	343,977
Insurance		475,966	218,863
Training expense		-	3,962
Repairs and maintenance		638,815	710,109
Depreciation	8.1.2	2,893,598	2,900,157
Amortisation		44,987	20,721
Impairment of non-current asset held for sale		110,000	-
Canteen		160,176	156,977
Ijarah rentals		70,882	46,351
Royalties and technical fee	39.3	4,354,659	4,272,736
Printing and stationery		32,878	30,003
Postage, telephone and telegram		11,913	14,203
Subscription		7,823	5,304
Provision for obsolescence		26,332	11,950
Provision for stores, spare parts & loose tools		48,596	6,655
Provision for impairment of operating fixed assets		9,053	307,354
Provision for slow moving raw material		25,858	194,298
Dismantling expense		-	9,541
Marking fee		78,527	74,590
Consultancy charges		3,367	70,277
Reimbursement of fixed expenses		(20,821)	(26,949)
Support services		5,535	11,800
Free replacement		437,232	622,062
Health, safety and environmental costs		150	7,395
General expenses		189,111	614,784
		108,898,585	117,624,955
Opening - Finished goods		1,904,943	2,724,127
- Work-in-progress		716,509	929,646
Purchases during the year		4,661,855	10,631,973
Transfers to fixed assets		21,480	(29,145)
Closing - Finished goods	16	(1,747,688)	(1,908,120)
- Work-in-progress	16	(779,318)	(757,257)
		4,777,782	11,591,224
		113,676,367	129,216,179
Cost of services			
Salaries and benefits	39.2	166,603	138,175
Storage and transportation		1,132	2,295
Travelling, conveyance and entertainment		12,928	16,266
Vehicle running		22,227	19,747
Postage and telephone		547	1,379
Repairs and maintenance		133	225
Software charges		9,781	9,414
Installation charges / subcontracting costs		212,101	416,853
Rent rates and taxes		2,745	10,184
Gas and electricity		9	15
Printing and stationery		212	160
Insurance		3,753	2,608
Training expenses		164	772
Depreciation	8.1.2	10,811	13,089
Depreciation on right-of-use assets		12,467	-
Others		6	3
		455,619	631,185
		114,131,986	129,847,364

39.1 Include Rs.12.32 million (2019: Rs.17.625 million) in respect of employees retirement benefits.

39.2 Includes Rs.1.587 million (2019: Rs.2.963 million) in respect of employee retirement benefits.

39.3 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
- Keihin Corporation	Shinjuku Nomura BLDG. 39F 1-26-2, Nishi Shinjuku Tokyo, 163-0539, 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.

40. DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

	Note	2020	2019
		------ (Rupees in '000) ------	
Salaries, wages and benefits	40.1	2,597,390	2,489,831
Back office accounting services charges	40.2	26,360	23,785
Rent, rates and taxes		118,505	220,279
Travelling, conveyance and entertainment		262,470	289,722
Freight and forwarding		758,432	768,526
Printing and stationery		65,909	65,163
Gas, water and electricity		67,577	53,511
Vehicle running		111,290	100,791
Legal and professional		88,148	137,725
Auditors' remuneration	40.3	20,560	22,759
Insurance		93,182	62,339
Fee and subscription		51,573	54,574
Repairs and maintenance		102,763	130,849
Depreciation on			
- Operating fixed assets	8.1.2	323,007	281,158
- Investment properties	10	73,087	61,732
Amortisation on intangible assets		8,294	7,782
Postage, telephone and telegrams		74,971	81,578
Newspapers and periodicals		16,439	14,329
Staff training		8,715	48,863
Advertisements / sales promotion		720,887	876,989
Donation to Atlas Foundation - a related party		108,775	129,233
Tender expenses		669	786
Provision for doubtful debts		32,498	24,805
Internet charges		7,052	8,601
Security guard services		3,702	3,423
Directors' meeting fees		11,846	22,895
Directors' remuneration		36,662	36,564
Communication expense		4,448	5,523
Distribution		11,891	17,733
Provision for stock obsolescence		5,589	5,849
Provision for Worker's Profit Participation Fund		239,501	279,617
Provision for Worker's Welfare Fund		74,722	106,781
SECP monitoring fee		5,279	10,041
Loss on disposal and fixed assets written off		110,400	11,731
Ijarah rentals		5,366	4,630
First free services charges		202,934	205,109
Exchange loss		6,223	37,169
Registration of fees for incorporation - Atlas Trading Company Limited		-	2,011
Stamp duty fees on transfer of shares		247	8,250
Impairment against assets of subsidiaries		-	3,099,625
Others		64,743	57,804
		6,522,106	9,870,465

40.1 Salaries and benefits include Rs.155.688 million (2019: Rs.115.727 million) in respect of employees' retirement benefits.

40.2 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.

40.3 Auditors' remuneration

	EY Ford Rhodes	Hameed Chaudhri & Co.	A. F. Ferguson & Co.	2020 Total	2019 Total
	--------------------	------- (Rupees in '000)	-------	--------------------	
Annual audit fee of Holding Company and subsidiary companies	4,746	5,576	1,135	11,457	11,161
Fee for half yearly review	307	387	-	694	1,148
Audit fee for consolidated financial statements	1,475	-	-	1,475	1,025
Audit fee for provident and gratuity funds	223	365	839	1,427	1,288
Consultancy and advisory services	555	-	160	715	900
Out of pocket expenses	597	461	217	1,275	1,401
Others	1,310	2,207	-	3,517	5,837
	9,213	8,996	2,351	20,560	22,760

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41. FINANCE COST

	Note	2020	2019
		------ (Rupees in '000) ------	
Interest / mark-up			
Banks			
- long term loans	41.1	734,681	533,853
- short term borrowings	41.2	2,850,237	1,965,574
- money market facilities		-	152,047
- Lease Liabilities		61,472	-
Associated company		1,383	-
Workers' Profit Participation Fund		2,072	3,104
Guarantee and commission charges		2,707	2,935
Others		32,465	62,268
Banks and other charges		58,199	44,929
		3,743,216	2,764,710

41.1 This includes markup related to long term loan from National Bank of Pakistan (NBP) and Allied Bank of Pakistan (ABL) amounting to Rs.107.4 million (2019: Rs.54 million) and Rs.269.5 million (2019: Rs.233 million) respectively (related parties).

41.2 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 of Pakistan (NBP) and Allied Bank of Pakistan (ABL) amounting to Rs.299.4 million (2019: Rs.219 million) and Rs.129.3 million (2019: Rs.117 million) respectively (related parties).

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

	Note	2020	2019
From associates	11.1	2,413,928	1,362,515
Deferred tax	31.1	(700,039)	(395,129)
		1,713,889	967,386

43. PROFIT BEFORE TAXATION

	2020			2019
	---------- (Rupees in '000) ----------			
	Manufacturing	Trading	Total	Total
Sales	123,634,649	3,185,715	126,820,364	142,504,792
Cost of sales	111,496,201	2,180,166	113,676,367	129,216,179
Gross profit	12,138,448	1,005,549	13,143,997	13,288,613
Services income			255,179	330,979
Commission income			1,482,676	1,441,138
Fee / commission from asset management			349,120	275,406
Dividend income			232,379	231,356
Rental income			271,764	285,033
Other operating income			2,051,187	1,046,241
			17,786,302	16,898,766
Expenses				
Cost of services			455,619	631,185
Selling and administrative expenses			6,522,106	9,870,465
Finance cost			3,743,216	2,764,710
			10,720,941	13,266,360
Share of profit of associates and joint venture - net of tax			1,713,889	967,386
Net profit before tax			8,779,250	4,599,792

44. TAXATION

	Note	2020	2019
		------ (Rupees in '000) ------	
Current		2,956,828	2,778,419
Prior		69,056	87,357
Deferred	31.1	(832,361)	(93,991)
		2,193,523	2,771,785

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

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

44.3 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

44.10 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.

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.

44.11 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.

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

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

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

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

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

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

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

For tax year 2019, the Company filed its return of income under Group Taxation in terms of Section 59AA of the Ordinance with its wholly-owned subsidiaries namely Shirazi Trading Company (Pvt) Limited (STC), Atlas Autos (Private) Limited (AAL), Atlas Engineering (Private) Limited, Atlas Metals (Private) Limited and Atlas Asset Management Limited. The return so filed is deemed to be an assessment order in terms of section 120 of the Ordinance.

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

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

The tax authorities issued notice for amendment of assessment. The Company has filed its reply and proceeding is under process.

45. EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
	------ (Rupees in '000) ------	
Profit for the year after taxation attributable to equity holders of the Holding Company	**4,765,256**	1,007,739
Weighted average number of ordinary shares	**220,112**	220,112
Earnings per share - basic and diluted	**21.65**	4.58

46. CASH GENERATED FROM OPERATIONS

	2020	2019
	------ (Rupees in '000) ------	
Profit before taxation	8,779,250	4,599,791
Adjustments for:		
Depreciation	3,300,503	3,256,137
Amortisation of intangible asset	53,080	28,503
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	31,921	17,799
Provision for doubtful debts	32,498	24,805
Impairment against assets of subsidiaries	-	3,099,625
Exchange loss	14,361	27,816
Financial charges	3,743,216	2,764,710
Net (gain) / loss on sale of fixed assets	35,883	(381,841)
Share of profit from associated companies	(1,713,889)	(967,386)
Unrealised (gain) / loss on held-for-trading investments	(41,636)	97,581
Net (gain) / loss on sale / redemption of investments	(126,032)	55,940
Dividend income	(232,379)	(231,356)
	5,184,449	7,879,256
	13,963,699	12,479,047
Decrease / (increase) in stores, spare parts and loose tools	672,492	(229,364)
Decrease in stock -in-trade	679,270	1,303,412
Increase in trade debts	(2,213,241)	(2,589,729)
(Increase) / decrease in receivable from funds under management	(3,221)	255
Decrease / (increase) in loans and advances	13,097	(29,454)
Decrease / (increase) in deposits, prepayments and other receivables	882,875	(939,600)
Increase in accrued interest	(8,821)	(36,859)
Increase in trade and other payables	(3,432,511)	(199,511)
	(3,410,060)	(2,720,850)
	10,553,639	9,758,197

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

	Chief Executive (Holding Company)		Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019
	---------- (Rupees in '000) ----------					
Managerial remuneration	11,996	12,628	204,935	213,509	711,886	678,038
Bonus	1,749	5,907	31,088	50,944	146,173	185,551
Rent	-	-	27,086	25,536	208,559	179,794
Utility	-	-	3,940	4,595	10,387	19,290
Termination benefit	113	139	2,673	-	21,056	4,259
Reimbursable expenses	-	-	4,729	4,499	21,720	13,620
Retirement benefits	-	-	14,242	10,225	55,212	49,372
Fee and subscription	817	817	2,855	3,884	7,988	8,165
Others	-	-	5,107	3,888	32,656	27,725
	14,675	19,491	296,655	317,080	1,215,637	1,165,814
Number of persons	1	1	26	27	273	229

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48. 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	2020	2019
		------ (Rupees in '000) ------	
Associated companies	Purchase of assets	**18,439**	47,133
	Investments made	**1,265,663**	2,207,763
	Investments redeemed	**500,000**	950,000
	Dividend received	**456,670**	848,070
	Dividend paid	-	91,250
	Interest income	-	242
	Commission expense	**23,604**	49,321
	Sale of goods and rendering of service	**2,172**	34
	Reimbursement of expenses	**39,868**	28,167
	Donation	**97,553**	116,674
	Sindh sales tax on management fee	**56,189**	35,803
	Management fee received	**300,573**	277,894
	Purchase of mutual fund units	**2,621,232**	1,171,460
	Redemption of mutual fund units	**2,208,385**	5,011,313
	Royalty and technical fee	**4,098,594**	3,995,931
	Management fee receivable	**28,938**	23,228
	Management fee	**308,952**	275,406
	Formation cost receivable	-	2,492
	Trade debt	**2,100**	-
	Trade payable	**6,847**	-
	Payment made on behalf of the fund	**25,937**	14,518
Nature of relationship	**Nature of Transaction**		
	Rent paid	**3,558**	395
	Sales Load	-	35
	Accrued Mark-up	**80,250**	95,292
Common directorship	Expenses paid on their behalf	-	1,032
	Donations paid	**658**	-
	Dividend paid	**187,626**	247,626
	Expenses paid	**67**	200
	Annual Subscription	**1,006**	1,925
	Funds received against settlement of fixed assets	-	745
Retirement benefit funds	Contribution to retirement benefit funds	**247,822**	274,529
	Investment advisory fee receivable	**2,055**	453
Key management personnel	Sale of fixed assets on company policy	**36,822**	35,706
	Salaries and other short term employment benefits	**365,494**	362,011
	Directors' meeting fee	-	850
	Bonus	-	4,011
	Retirement benefits	**1,084**	3,692
	Loans disbursed during the year	-	710
	Loan repaid from director	-	1,477
	Interest income on loan to director	**977**	1,351
	Premium underwritten	**1,587**	1,436
	Premium collected	**657**	1,659
	Claims paid	**384**	187
	Provision for outstanding claims (including IBNR)	**30**	-
	Due from insurance contract holders	**1,030**	-

48.1 **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	65.51%
Atlas Stock Market Fund	Associated mutual fund	38.50%
Atlas Sovereign Fund	Associated mutual fund	67.45%
Atlas Islamic Income Fund	Associated mutual fund	0.10%
Atlas Islamic Stock Fund	Associated mutual fund	32.46%
Atlas Money Market Fund	Associated mutual fund	29.88%
Atlas Aggressive Allocation Islamic Plan	Associated mutual fund	99.43%
Atlas Conservative Allocation Islamic Plan	Associated mutual fund	98.88%
Atlas Moderate Allocation Islamic Plan	Associated mutual fund	92.20%
Atlas Islamic Capital Preservation Plan	Associated mutual fund	98.88%
Atlas Islamic Dividend Plan	Associated mutual fund	76.83%
Atals Islamic Dedicated Stock Fund	Associated mutual fund	1.28%
Iftikhar Shirazi Family Trust	Substantial Shareholder	25.00%
Iftikhar H. Shirazi	Executive Directors	0.00%
Aamir H. Shirazi	Executive Directors	25.00%
Saquib Hussain Shirazi	Director	-
khawaja Shujauddin	Key Management Personnel	-
Imra Idrees	Key Management Personnel	-
Noorullah R. Hassan	Chief Executive Officer	-
Irfan Ibrahim	Key Management Personnel	-
Shakil 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	-
Atlas Hitec Gratuity Fund	Group Retirement benefit funds	-
Daido Sittipol Co. Limited Thailand	Common directorship	-
Daido Kogyo Co Limited, Japan	Common directorship	-
SF Global Holding limited, Dubai	Common directorship	-
Madian Hydro Power Limited	Common directorship	-
Muree Brewery Company Limited	Common directorship	-
Atlas Pension Fund	Pension fund managed by the Group	-
Atals Islamic Pension Fund	Pension fund managed by the Group	-
MYK Associates Pvt Ltd	Common directorship	-

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

49.1 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.

49.2 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:

	2020			
	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	**8,933,465**	**100**	**89,335**	-
		(100)	**(89,335)**	
Short term investments	**126,503**	**100**	**1,265**	-
		(100)	**(1,265)**	-
Long term loans - secured	**540**	**100**	**5**	
		(100)	**(5)**	-
Financial liabilities				
Long term loans	**8,476,570**	**100**	**84,766**	-
		(100)	**(84,766)**	-
Short term borrowings - secured	**15,692,314**	**100**	**156,923**	-
		(100)	**(156,923)**	-

	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 assets				
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)	-

(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.23.033 million and Rs.97.706 million respectively, mainly as a result of net foreign exchange (loss) / gain on translation of financial asset and liabilities.

49.3 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 intc relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date.

2020	Less than 1 year	1 to 5 years	More than 5 years	Total
	(Rupees in '000)			
Liabilities				
Term loans	**1,144,831**	**7,331,739**	-	**8,476,570**
Deposits	**3,354**	**8,949**	-	**12,303**
Trade and other payables	**21,001,561**	-	-	**21,001,561**
Short term borrowings	**15,692,314**	-	-	**15,692,314**
Long term financing - government grant	**161,582**	**117,438**	-	**279,020**
Lease liabilities	**117,438**	**161,582**	-	**279,020**
Accrued mark-up	**446,531**	-	-	**446,531**
	38,567,611	**7,619,708**	-	**46,187,319**

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

49.4 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:

	2020	2019
	(Rupees in '000)	
Long term investments	**405,421**	1,647,357
Long term loans	**52,507**	50,992
Deposits and other receivables	**360,924**	705,633
Trade debts	**24,032,540**	21,851,797
Receivable from funds under management	**28,941**	25,720
Short term loans and advances	**238,366**	251,463
Short term investments	**1,119,227**	1,009,128
Bank balances	**10,012,085**	11,625,105
	36,250,011	37,167,195

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

Investments by rating category	June 30, 2020	June 30, 2019
	------------ % ------------	
AM2+, AM2++	1%	23%
AA, AA-, AA+	99%	73%
A, A-, A+	0%	4%
	100%	100%

49.5 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.

49.5.1 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, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment at fair value through OCI				
- Mutual funds	-	-	-	-
- Listed shares	2,076,744	-	-	2,076,744
Investment in others at fair value through OCI				
- Mutual funds	-	63,826	-	63,826
- Listed shares	1,334,430	-	-	1,334,430
Investment- Mutual funds fair value through profit and loss	-	799,227	-	799,227
Investment - Pension Funds at fair value through OCI	-	341,595	-	341,595
Investment- Pakistan investment bonds fair value through profit and loss	-	126,503	-	126,503
	3,411,174	1,331,151	-	4,742,325

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Investment in related parties - available-for-sale				
- 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

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

49.5.2 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.

49.6 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:

	2020	2019
	------ (Rupees in '000) ------	
Term loans	8,476,570	3,710,641
Short term borrowings	15,692,314	20,112,692
Debt	24,168,884	23,823,333
Equity	79,088,807	68,929,049
Equity plus debt	103,257,691	92,752,382
Gearing ratio	23%	26%

50. EMPLOYEE'S PROVIDENT FUND

Size of the fund	1,070,507	1,236,857
Carrying value of investments	1,032,512	1,135,500
Percentage of investments made	97%	98%
Fair value of investments	1,038,726	1,206,173

50.1 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:

	2020		2019	
	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	12	0.00%	11	0.00%
Special saving certificates	119,722	11.18%	194,459	15.72%
Mutual funds	62,135	5.80%	60,910	4.92%
Term finance certificates	-	0.00%	-	0.00%
Treasury bills	32,049	2.99%	7,000	0.57%
Short term deposits	-	0.00%	837	0.07%
Listed shares	11,900	1.11%	31,047	2.51%

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.

50.2 Number of employees

	2020	2019
Employees as on year end	3,318	3,304
Average number of employees	3,332	3,331

51. CORRESPONDING FIGURES

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

52. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 30 September, 2020 has approved the following:

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

(ii) Payment of cash dividend of Rs. 3.41 per share for the year ended June 30, 2020, amounting to a total distribution of Rs. 750.58 million, for approval of the members at the Annual General Meeting to be held on 28 October, 2020.

53. GENERAL

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

54. DATE OF AUTHORISATION FOR ISSUE

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

55. NON ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION

In August 2020, the Government of Pakistan (GoP) and Independent Power Producers (IPPs) have signed a Memorandum of Understanding (MoU), to alter their existing contractual arrangements under Power Purchase Agreements. As per MoU. future fuel and O&M savings shall be shared with the Power Purchaser under a sliding scale mechanism. in future. the ROE/ROEDC rate shall be changed from current 15% in US$ to 17% in PKR and equity will be converted @ Rs.148 to a USD with no future US$ indexation. The parties have agreed that as and when the Competitive Trading Arrangement is implemented and becomes fully operational, the power plant shall move to 'Taka and Pay' as per the terms defined in the Generation License on the elimination of exclusivity and on mutually agreed terms This MoU is valid for six months from the date of signing of the MoU or the revised Power Purchase Agreement (PPA). whichever is earlier.

The MoU and its terms are subject to approval of NEPRA. the Federal Cabinet. Board of Directors and conditional upon clearance of outstanding receivables for which Power Purchaser and the Federal Government will devise a mechanism acceptable to power plant. As this MOU is for changes in PPA for future so it has no impact on operational results and financial statements for the year 2019.

Chief Executive Officer	Director	Chairman