


# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 ------(Rupees in '000')-----	2017 ------(Rupees in '000')-----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,947,728	1,201,577
Intangible assets	9	17,521	10,249
Investment properties	10	6,702,921	6,845,446
Long-term investments	11	4,624,862	3,533,232
Long-term loans	12	9,048	10,989
Long-term deposits	13	21,433	17,746
Long-term prepayments	14	22,501	22,501
Deferred tax asset - net	15	191,145	187,551
		<u>13,537,159</u>	<u>11,829,291</u>
<b>Current assets</b>			
Stores, spares and loose tools	16	137,465	107,905
Stock-in-trade	17	4,047,147	2,992,333
Trade debts	18	1,593,086	1,094,863
Loans and advances	19	105,905	71,198
Trade deposits and short-term prepayments	20	151,110	89,063
Interest accrued		2,451	2,198
Other receivables	21	30,400	5,943
Short-term investments	22	9,069,237	10,510,173
Income tax - net		-	33,395
Sales tax refundable		105,163	66,822
Cash and bank balances	23	1,325,900	842,399
		<u>16,567,864</u>	<u>15,816,292</u>
<b>TOTAL ASSETS</b>		<u><u>30,105,023</u></u>	<u><u>27,645,583</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
200,000,000 (2017: 100,000,000) ordinary shares of Rs. 5/- each	24	<u>1,000,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital	24	405,150	405,150
Share deposit money		12	12
Reserves	25	19,957,969	18,447,119
Equity attributable to equity holders of the Holding Company		20,363,131	18,852,281
Non-controlling interest	26	6,484,082	6,116,611
<b>Total equity</b>		<u>26,847,213</u>	<u>24,968,892</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term deposits	27	319,720	316,762
<b>CURRENT LIABILITIES</b>			
Trade and other payables	28	2,672,579	2,271,212
Unclaimed dividend		49,712	39,101
Unpaid dividend		47,954	33,452
Income tax - net	29	96,923	-
Short-term running finance	30	60,750	9,137
Deferred income	31	10,172	7,026
Accrued markup		-	1
		<u>2,938,090</u>	<u>2,359,929</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	32		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>30,105,023</u></u>	<u><u>27,645,583</u></u>

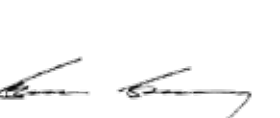
The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ------(Rupees in ‘000’)-----	2017 ------(Rupees in ‘000’)-----
Revenue - net	33	20,308,071	18,136,903
Cost of sales	34	(16,282,991)	(14,167,064)
Gross profit		4,025,080	3,969,839
Distribution costs	35	(225,757)	(192,674)
Administrative expenses	36	(1,616,652)	(1,539,021)
Other charges	37	(271,159)	(360,575)
		(2,113,568)	(2,092,270)
Other income	38	2,257,252	4,503,523
Operating profit		4,168,764	6,381,092
Finance costs	39	(10,206)	(9,348)
		4,158,558	6,371,744
Share of net profit of associates and joint venture - after tax	11.1	941,177	871,024
Profit before taxation		5,099,735	7,242,768
Taxation	40	(1,547,656)	(1,740,022)
Profit after taxation		3,552,079	5,502,746
Attributable to			
• Equity holders of the Holding Company		3,171,847	5,146,953
• Non-controlling interest		380,232	355,793
		3,552,079	5,502,746
		------(Rupees)-----	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	41	39.14	63.52


The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



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DIRECTOR

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018


	2018 ------(Rupees in ‘000’)-----	2017 ------(Rupees in ‘000’)-----
Profit after taxation for the year	3,552,079	5,502,746
Other comprehensive income		
Items to be reclassified to profit and loss account in subsequent periods:		
Gain on revaluation of available-for-sale investments	20,251	49,517
Items not to be reclassified to profit and loss account in subsequent periods:		
Share of actuarial gains / (loss) on remeasurement of defined benefit plans of associates - net of tax	20,383	(492)
Total comprehensive income for the year	3,592,713	5,551,771
Attributable to		
- Equity holders of the Holding Company	3,212,481	5,195,978
- Non-controlling interest	380,232	355,793
	3,592,713	5,551,771
The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.		



CHIEF FINANCIAL OFFICER



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DIRECTOR

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	Note 42	2018 2,653,837	2017 4,525,858
Finance costs paid		(10,207)	(9,389)
Retirement benefits paid		(4,038)	(987)
Income tax paid		(1,420,932)	(1,515,679)
Long term loans		1,941	4,021
Long term deposit - net		(729)	1,857
Net cash generated from operating activities		1,219,872	3,005,681

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(1,106,646)	(461,752)
Proceeds from disposal of operating fixed assets	18,824	353,496
Dividends received	745,602	551,710
Interest received	384,496	339,468
Long-term investments made during the year	(774,150)	(318,858)
Proceeds from disposal of investment in an associate	-	2,120,000
Short-term investments made during the year	(2,285,683)	(3,133,364)
Net cash used in investing activities	(3,017,557)	(549,300)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid	(1,914,279)	(916,209)
Advance against issue of shares	225,000	-
Net cash used in financing activities	(1,689,279)	(916,209)

NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,486,964)	1,540,172
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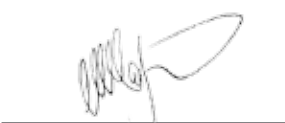
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,541,508	6,001,336
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,054,544	7,541,508
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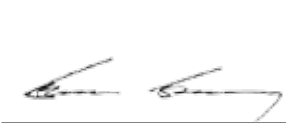
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CHIEF FINANCIAL OFFICER



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DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

Issued, subscribed and paid-up capital	Share deposit money	RESERVES			Non-controlling interest	Total equity
		Capital reserves	General reserve	Unappropriated profit		
(Rupees in '000)						
405,150	12	67,929	9,838,874	4,060,226	5,907,241	20,373,843
-	-	-	1,368,500	(1,368,500)	-	-
-	-	-	-	(506,437)	-	(506,437)
-	-	-	-	(303,862)	-	(303,862)
-	-	-	-	-	(48,535)	(48,535)
-	-	-	-	-	(49,186)	(49,186)
-	-	-	-	-	(48,702)	(48,702)
-	-	-	-	(810,299)	(146,423)	(956,722)
-	-	-	-	5,146,953	355,793	5,502,746
-	-	-	-	(492)	-	49,025
-	-	-	-	5,146,461	355,793	5,551,771
405,150	12	67,929	11,207,374	7,027,888	6,116,611	24,968,892
-	-	-	2,366,000	(2,366,000)	-	-
-	-	-	-	(1,296,479)	-	(1,296,479)
-	-	-	-	(202,576)	-	(202,576)
-	-	-	-	(202,576)	-	(202,576)
-	-	-	-	-	(41,303)	(41,303)
-	-	-	-	-	(68,014)	(68,014)
-	-	-	-	-	(65,508)	(65,508)
-	-	-	-	-	(62,936)	(62,936)
-	-	-	-	(1,701,631)	(237,761)	(1,939,392)
-	-	-	-	-	225,000	225,000
-	-	-	-	-	380,232	380,232
-	-	-	-	20,251	-	20,251
405,150	12	67,929	13,573,374	6,152,487	6,484,082	26,847,213

Balance as at June 30, 2016

Transfer to general reserve  
Final dividend @ Rs. 6.25/- per share for the year ended June 30, 2016  
Interim dividend @ Rs. 3.75/- per share for the year ended June 30, 2017

Subsidiary company  
1st Interim dividend @ Rs. 0.357/- per share for the year ended June 30, 2017  
2nd Interim Dividend @ Rs. 0.362/- per share for the year ended June 30, 2017  
3rd Interim Dividend @ Rs.0.358/- per share for the year ended June 30, 2017

Profit for the year  
Other comprehensive loss for the year  
Total comprehensive income for the year  
Balance as at June 30, 2017

Transfer to general reserve  
Final dividend @ Rs. 16/- per share for the year ended June 30, 2017  
1st Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018  
2nd Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018

Subsidiary company  
Final Dividend @ Rs.0.304/- per share for the year ended June 30, 2017  
1st Interim Dividend @ Rs.0.500/- per share for the year ended June 30, 2018  
2nd Interim Dividend @ Rs.0.482/- per share for the year ended June 30, 2018  
3rd Interim Dividend @ Rs.0.463/- per share for the year ended June 30, 2018

Advance against issuance of shares  
Profit for the year  
Other comprehensive income for the year  
Total comprehensive income for the year  
Balance as at June 30, 2018

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



CHIEF FINANCIAL OFFICER



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DIRECTOR

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE HOLDING COMPANY AND ITS OPERATIONS

1.1 Thal Limited (the Company) was incorporated on January 31, 1966 as a public company limited by shares and is listed on the Pakistan Stock Exchange Limited.

The Holding Company is engaged in the manufacture of jute goods, engineering goods, papersack and laminate sheets. The registered office of the Holding Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.

1.2 The Group comprises of the Holding Company and the following subsidiaries that have been consolidated in these financial statements:

Subsidiary Companies	Note	Date of becoming subsidiary	Holding		Total assets	Total liabilities	Total assets	Total liabilities
			2018	2017	2018		2017	
			%	%	(Rupees in '000s)		(Rupees in '000s)	
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	174,617	62,984	175,330	61,480
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	760,944	782,887	31,563	1,767
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	42,749	349,994	41,420	348,664
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	879,865	17,278	874,874	12,858
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	9,942,822	645,757	9,766,923	469,861
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	1,084,467	65,430	1,077,497	65,236
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	760,944	782,887	787,282	780,526

1.2.1 Noble Computer Services (Private) Limited  
Noble Computer Services (Private) Limited (NCSPL) was incorporated in Pakistan as a private limited company on May 8, 1983 and is a wholly owned subsidiary of Thal Limited. The NCSPL provides Internal Audit Services, I.T.related services, Advisory Services, HR Services and Management Services.

1.2.2 Pakistan Industrial Aids (Private) Limited  
Pakistan Industrial Aids (Private) Limited (PIAPL) was incorporated in Pakistan on March 17, 2006 as a private limited company. The subsidiary is engaged in trading of various products.

1.2.3 Makro-Habib Pakistan Limited (MHPL)  
(a) MHPL was incorporated in Pakistan on June 29, 2005 as a public limited (unlisted) company. MHPL was an associated undertaking of the Holding Company until April 30, 2008 and became a subsidiary company with effect from May 01, 2008. The principal objective of the Company is to operate a chain of wholesale / retail cash and carry stores. The Company was operating one store located at Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Road, Saddar, Karachi, on the land sub-leased by Army Welfare Trust.  
(b) MHPL had entered into Arrangement with METRO Habib Cash & Carry Pakistan (Private) Limited (MHCCP) (then a wholly owned subsidiary of METRO Cash and Carry International Holding BV) (the Operator) whereby the Operator had been engaged to operate MHPL's Saddar Store (the Store) for an operations fee determined under the agreed mechanism.

As a consequence of the dismissal of the Review Petition by the Honorable Supreme Court of Pakistan (SCP) the Saddar store of the subsidiary company, MHPL, was closed down on September 11, 2015. Accordingly, the Operation Agreement with MHCCP was terminated in 2016.

On the application filed by Army Welfare Trust in respect of the cancellation of sub-lease of the Sadder Store Land, the SCP has restored the review petition in its order dated December 9, 2015.

1.2.4 A-One Enterprises (Private) Limited  
A-One Enterprises (Private) Limited (A-One) was incorporated in Pakistan on December 16, 2011 as a private limited company. The management is considering different strategic plans for the company.

1.2.5 Habib METRO Pakistan (Private) Limited  
Habib METRO Pakistan (Private) Limited (HMPPL) was incorporated in Pakistan as a private limited company on December 16, 2011 under the Companies Ordinance, 1984. The main business of the HMPPL is to own and manage properties.

1.2.6 Thal Boshoku Pakistan (Private) Limited  
Thal Boshoku Pakistan (Private) Limited (TBPPL) was incorporated on September 03, 2013 as a private company limited by shares. The principle activity of TBPPL is to manufacture automobile seats, seat parts, air cleaner and other automobile parts. TBPPL was formed pursuant to a Joint Venture Agreement between the Holding Company, Toyota Boshoku Corporation, Japan and Toyota Tsusho Corporation, Japan.

1.2.7 Thal Power (Private) Limited  
Thal Power (Private) Limited (TPPL) was incorporated in Pakistan as a private limited company on July 03, 2014. TPPL has entered into a joint venture agreement with M/s Novatex Limited for collaboration to develop a 330 MW Coal-fired Power Generation Plant at Thar, Sindh.

1.2.8 Thal Electrical Pakistan (Private) Limited  
Thal Electrical (Private) Limited was incorporated in Pakistan on January 12, 2018 as a private limited company.

1.3 Geographical location and address of business units

**Holding Company**  
The head office of the Holding Company is situated at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

**Plants:**  
The Jute operations are located at Muzaffargarh, Punjab.  
Engineering operations are located at Port Qasim and Korangi Karachi, Sindh.  
Papersack operations are located at Hub and Gadoon, Balochistan & Khyber Pakhtunkhwa.  
Laminates operations are located at Hub, Balochistan.

**Subsidiaries:**  
Noble Computer Services (Private) Limited operations are located at 2nd Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Pakistan Industrial Aids (Private) Limited operations are located at - Plot number 192 Korangi industrial area, Sector 22, Karachi.

Makro Habib Pakistan Limited is located at 2nd Floor, House of Habib - 3-Jinnah Co-operative Housing Society, Sharae Faisal, Karachi.

A- One Enterprises (Private) Limited is located at 4th Floor, House of Habib - 3-Jinnah Co-operative Housing Society, Sharae Faisal, Karachi.

Habib Metro Pakistan (Private) Limited operations are located at Mezzanine Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.

Thal Boshoku Pakistan (Private) Limited operations are located at - Plot number 192 Korangi industrial area, Sector 22 and plot number SP-C north western industrial road, Port Qasim, Karachi.

Thal Power (Private) Limited operations are located at 4th Floor, House of Habib, 3-Jinnah Co-perative Housing Society, Block 7/8, Sharae Faisal, Karachi.



- 1.4
- The following significant events and transactions occurred during the year:
  - The Group has invested Rs. 499.150 million in Sindh Engro Coal Mining Company Limited (refer note 11.7).
  - The authorized share capital of the Holding Company has increased from Rs. 500 million to Rs. 1 billion. (refer note 24)

2.

STATEMENT OF COMPLIANCE

- 2.1
- These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS Standards) issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017; and  
Provision of and directives issued under the Companies Act, 2017.

- 2.2
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provision of and directives issued under the Companies Act, 2017 have been followed.

During the year, the Act has become applicable and brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. The significant changes include changes in nomenclature of the primary statements, disclosure of significant transactions and events (note 1.4), management's assessment of sufficiency of tax provision (note 40.2), and disclosure requirements for related parties (note 44.3) etc.

3.

BASIS OF MEASUREMENT

- 3.1
- These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value as required under IAS – 39 “Financial Instruments: Recognition and Measurement”.

- 3.2
- These consolidated financial statements are presented in Pak Rupees which is also the Group’s functional currency.

4.

BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies, here-in-after referred to as “the Group”.

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies’ shareholders’ equity in the consolidated financial statements.

5.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following judgments, estimates and assumptions which are significant to the consolidated financial statements:

	Notes
• determining the residual values, useful lives and impairment of property, plant and equipment and investment property	6.2, 6.4, 8 & 10
• determining the residual values, useful lives and impairment of intangibles assets	6.3 & 9
• impairment of financial and non-financial assets	6.5
• net realizable value for inventories	6.7, 6.8, 16 & 17
• provision for doubtful debts and other receivables	6.9 & 18
• provision for tax and deferred tax	6.12, 15 & 40
• provision and warranty obligation	6.17 & 29.3
• provision for compensated absences	6.16
• contingencies	32

6.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1

New and amended standards and interpretations

The Group has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure initiative - (Amendments)  
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)  
The adoption of the above accounting standards and interpretations did not have any material effect on the financial statements.

6.2

Property, plant and equipment

Operating assets

These are stated at cost less accumulated depreciation / amortisation and impairment loss, if any, except for freehold land and capital work-in-progress which are stated at cost.

Depreciation / amortisation is charged to the profit and loss account applying the reducing balance method except for computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 8 to the consolidated financial statements. Depreciation / amortisation on additions is charged from the month of addition and in case of deletion, up to the month preceding the month of disposal.

Leasehold land is amortised in equal installments over the lease period.

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

An item of property, plant and equipment and any significant part initially recognised 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 when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

6.3

Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any.

"Costs in relation to intangible assets are only capitalized when it is probable that future economic benefits attributable to that asset will flow to the Group and the same is amortized applying the straight line method at the rates stated in note 9 to these financial statements.

6.4	<b>Investment property</b> Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation / amortization is charged on reducing balance method at the rate specified in note 10 to the consolidated financial statements.
6.5	<b>Impairment</b> <b>Non-financial assets</b> The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.  <b>Financial assets</b> A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.  Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.  All impairment assets are recognized in the profit and loss account. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognized.
6.6	<b>Investments associates</b> Investments in associates are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the net assets of the associate. The consolidated profit and loss account reflects the Group’s share of the results of the operations of the associate.  The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the consolidated profit and loss account.  <b>Joint Venture</b> A joint venture is a type of a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decision about the relevant activity require the unanimous consent of parties sharing control.  Investment in joint venture is accounted for using equity method of accounting in the balance sheet at cost plus post-acquisition changes in the share of net assets of the joint venture, less any impairment in value, if material. The profit and loss account reflects the investor’s (Company’s) share of the results of operations of the investee (joint venture) after the date of acquisition. If joint venture uses accounting policies other than those of the Company, adjustments are made to conform the joint venture’s policies to those of the Company, if the impact is considered material.  <b>Others</b> <b>Held-to-maturity</b> These represent non-derivative financial assets with fixed or determinable payments and fixed maturities in respect of which the Group has the positive intent and ability to hold till maturity. These investments are recognized initially at fair value plus directly attributable costs and are subsequently measured at amortized cost using effective interest rate method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.  <b>At fair value through profit or loss</b> Investments at fair value through profit or loss are initially recognized at fair value. Subsequently, these are measured at fair value whereas effects of changes in fair value are taken to the profit and loss account.  <b>Available-for-sale</b> These are non-derivative financial assets which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates.

	<b>Quoted</b> These investments are initially measured at fair value plus transaction costs and subsequently carried at fair value. Changes in fair value are taken to a separate component of other comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in other comprehensive income is recognized in profit and loss account.
	<b>Un-Quoted</b> These investments are recorded at cost less accumulated impairment losses, if any.
6.7	<b>Stores, spares and loose tools</b> Stores, spares and loose tools are stated at cost which is determined by the weighted moving average cost method except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items.
6.8	<b>Stock-in-trade</b> Stock-in-trade, except goods-in-transit, is stated at the lower of Net Realisable Value (NRV) and cost determined as follows:  <b>Raw and packing materials</b> <ul style="list-style-type: none"> <li>Purchase cost or weighted moving average basis.</li> </ul> <b>Work-in-process</b> <ul style="list-style-type: none"> <li>Cost of materials, labour cost and appropriate production overheads.</li> </ul> <b>Finished goods</b> <ul style="list-style-type: none"> <li>Cost of materials, labour cost and appropriate production overheads.</li> </ul> Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.  NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for slow moving and obsolete items.
6.9	<b>Trade debts and other receivables</b> Trade debts originated by the Group are recognized and carried at original invoice amount less provision for impairment. Provision for doubtful debts is based on the management’s assessment of customers’ outstandings and creditworthiness. Bad debts are written-off as and when identified.  Other receivables are carried at cost less provision for doubtful receivables, if any.
6.10	<b>Ijarah rentals</b> Ijarah payments for assets under Ijarah arrangements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.
6.11	<b>Cash and cash equivalents</b> For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term borrowings. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.
6.12	<b>Taxation</b> <b>(a) Current</b> The charge for current taxation in respect of certain income streams of the Group is based on Final Tax Regime at the applicable tax rates and remaining income streams at current rate of taxation under the normal tax regime after taking into account tax credits and rebates available, if any, or 1% of turnover or 17% alternate corporate tax, whichever is higher. The Group had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 23 to the consolidated financial statements.

The subsidiary Thal Boshoku Pakistan (Private) Limited is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Company for five years from the date of commercial production.

(b) Deferred

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

6.13 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.

6.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalised as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

6.15 Staff retirement benefits

Defined Contribution plan

Provident fund

The Group operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Group and the employees at the rate of 8.33% of basic salary i.e. in accordance with the rules of the scheme. The Group has no further obligation once the contributions have been paid. The contributions made by the Group are recognised as employee benefit expense when they are due.

Retirement benefit fund

The Holding Company operates an approved scheme for retirement benefits for all employees on the basis of defined contribution on attaining the retirement age with a minimum qualifying period of ten years which is managed by a Trust.

6.16 Compensated absences

Accrual is made for employees' compensated absences on the basis of accumulated leaves and the last drawn pay. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact is not material.

6.17 Provisions

General

Provisions are recognised in the balance sheet where the Group has a legal or constructive obligation as a result of past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

Warranty obligations

The Group recognizes the estimated liability to repair or replace products under warranty at the balance sheet date. These are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually and adjusted, if required.

6.18 Revenue recognition

Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which is usually on dispatch of the goods.

For project jobs services income is recorded when services are rendered. For jobs of recurring nature the services income is recorded on accrual basis.

Other income

- Dividend income is recognised when the right to receive the dividend is established.
- Interest on Term Deposit Receipts is recognised on constant rate of return to maturity.
- Interest on bank deposits are recognised on accrual basis.
- Rental income from properties is recognized as revenue as per the tenancy agreements on accrual basis.

6.19 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in profit and loss account of the current period.

6.20 Financial instruments

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired.

Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the consolidated financial statements.

6.21 Research and development expenditure

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditure is recognised as an expense as incurred.

6.22 Dividends and appropriation to reserves

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

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 2 – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)Contracts – (Amendments)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IAS 40 – Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The Group expects that the adoption of the above standards and amendments would not impact the Group's consolidated financial statements in the period of initial application other than IFRS 9 and IFRS 15 for which the Company is currently assessing the impact on its financial statements.

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

8. **PROPERTY, PLANT AND EQUIPMENT**

	Note	2018 ------(Rupees in '000')-----	2017
Operating fixed assets	8.1	1,534,660	1,111,247
Capital work-in-progress	8.5	413,068	90,330
		<u>1,947,728</u>	<u>1,201,577</u>

8.1 Operating fixed assets

Operating fixed assets	COST			ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT				WRITTEN DOWN VALUE		
	As at July 01, 2017	Additions (Note 8.1.1) (Rupees in '000')	Disposals (Rupees in '000')	As at June 30, 2018	Rate %	As at July 01, 2017	Charge (Rupees in '000')		On disposals	As at June 30, 2018
Land	23,641	-	-	23,641	-	-	-	-	-	23,641
- Freehold	47,085	171,279	-	218,364	1.69-3.33	9,480	1,243	-	10,723	207,641
- Leasehold										
Building on freehold land	334,321	38,393	-	372,714	10	187,227	15,729	-	202,956	169,758
- Factory building	471,979	-	-	471,979	5-10	449,433	3,035	-	452,468	19,511
- Non factory building										
Railway sliding	792	-	-	792	5	723	3	-	726	66
Plant and machinery	1,702,234	375,220	6,275	2,071,179	10-30	1,056,152	129,900	5,719	1,180,333	890,846
Furniture and fittings	38,177	1,821	17	39,981	15-20	24,439	2,442	17	26,864	13,117
Vehicles	106,400	3,036	11,945	97,491	20	51,201	10,728	7,728	54,201	43,290
Office and mills equipment	119,503	44,703	873	163,333	10-30	59,221	12,979	619	71,581	91,752
Computer equipment	102,954	10,280	1,027	112,207	33.33	78,465	15,872	915	93,422	18,785
Jigs and fixtures	279,955	17,427	-	297,382	33.33	199,453	41,676	-	241,129	56,253
2018	3,227,041	662,159	20,137	3,869,063		2,115,794	233,607	14,998	2,334,403	1,534,660



	COST			ACCUMULATED DEPRECIATION / AMORTIZATION					WRITTEN DOWN VALUE
	As at July 01, 2016	Additions (Note 8.1.1) (Rupees in '000')	As at June 30, 2017	Rate %	As at July 01, 2016	Charge (Rupees in '000')	On disposals	As at June 30, 2017	
Land									
- Freehold	98,528	32,630	107,517		-	-	-	-	23,641
- Leasehold	45,381	1,704	-	1.69-3.33	8,252	1,228	-	9,480	37,605
Building on freehold land									
- Factory building	289,933	44,388	-	10	175,276	11,951	-	187,227	147,094
- Non factory building	471,979	-	-	5-10	446,063	3,370	-	449,433	22,546
Railway sliding	792	-	-	5	719	4	-	723	69
Plant and machinery	1,404,716	340,558	43,040	10-30	1,004,603	86,737	35,188	1,056,152	646,082
Furniture and fittings	33,157	5,175	155	15-20	22,637	1,939	137	24,439	13,738
Vehicles	99,911	24,273	17,784	20	52,262	10,644	11,705	51,201	55,199
Office and mills equipment	99,631	20,425	553	10-30	50,311	9,274	364	59,221	60,282
Computer equipment	90,489	18,488	6,023	33.33	68,972	15,512	6,019	78,465	24,489
Jigs and fixtures	229,602	50,353	-	33.33	168,701	30,752	-	199,453	80,502
2017	2,864,119	537,994	175,072		1,997,796	171,411	53,413	2,115,794	1,111,247

- 8.1.1 Additions include transfers from capital work in progress amounting to Rs.567.283 million (2017: Rs. 372.158 million).
- 8.1.2 Jigs and fixtures include moulds having written down value of Nil (2017: Rs. 24.213) in the possession of sub-contractors dispersed all over the country.
- 8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 725.279 million (2017: Rs. 678.042 million).

8.3 The depreciation / amortization charge for the year has been allocated as follows:

	Note	2018 ------(Rupees in '000')-----	2017 ------(Rupees in '000')-----
Cost of sales	34	202,667	136,296
Distribution costs	35	1,986	1,393
Administrative expenses	36	28,954	33,722
		<u>233,607</u>	<u>171,411</u>

8.4 The following operating fixed assets were disposed off during the year:

Particulars	Accum- ulated Written depre- down value Sales proc- es on disposal					Mode of disposal	Particulars of buyers
	Cost						
------(Rupees in ‘000)-----							
Plant and machinery							
Item having book value upto Rs. 500,000	6,275	5,719	556	2,002	1,446	Various	Various
Vehicles							
Toyota Camry	2,302	1,163	1,139	1,139	-	Sold under Company's Car Scheme	Mr. Asif Rizvi Former CEO
Toyota Prado TX 2005	1,230	237	993	1,200	207	Negotiation	Indus Lands (Private) Limited, a related party
Item having book value upto Rs. 500,000	8,413	6,328	2,085	11,519	9,434	Various	Various
	11,945	7,728	4,217	13,858	9,641		
Office and mills equipment							
Item having book value upto Rs. 500,000	873	619	254	60	(194)	Negotiation	Various
Computer equipment							
Item having book value upto Rs. 500,000	1,027	915	112	142	30	Various	Various
Furniture and fittings							
Item having book value upto Rs. 500,000	17	17	-	10	10	Various	Various
2018	20,137	14,998	5,139	16,072	10,933		
2017	175,072	53,413	121,659	353,496	231,837		

	Note	2018	2017
------(Rupees in ‘000’)-----			
8.5 Capital Work-In-Progress			
Civil Works		325,184	-
Plant and machinery		40,118	67,544
Furniture and fittings		49	-
Vehicles		3,190	7,500
Office and mills equipment		1,349	6,822
Computer Equipment		5,881	1,364
Jigs and fixtures		37,297	7,100
		413,068	90,330

8.6 Details of the Company's immovable fixed assets

Location		Land Area (square yards)	Building Covered Area (square feet)
		------(Rupees in '000')-----	
S. No.	Locations		
1	Thal Limited (Jute Division) , D.G. Khan Road, Muzaffargarh, Punjab	862	647
2	Plot #448 & 449 Sundar Industrial Estate Raiwin Road, Lahore, Punjab.	8	39
3	Plot 1, 2, 25 & 26 Sector 22 Korangi Industrial Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrail estate Bin Qasim, Karachi, Sindh.	24	-
5	Shop number 6, Clifton Pride, G -3/18, Clifton, Karachi, Sindh.	-	0.464
6	Plot # SP-C-I North Western Industrial Zone, Port Qasim Authority, Karachi, Sindh.	21	55
7	Survey No. 148/1, Abyssinia Lines, Mubarak Shaheed Rd. Saddar , Karachi, Sindh.	-	216
8	Plot # 35, 36, 37, 38, 39, 39A, 40, 40A, 41, 42, 69, 69A, 70 and 71, Zila Moza Pathra, Hub, Balochistan	92	211
9	Plot C-49-58, Sector C, Hub Industrial Area. Hub, Balochistan	6	12
10	Plot # 38, Road # 3, Industrial Estate, Gadoon Amazai, Swabi, Khyber Pakhtunkhwa.	29	40

9. INTANGIBLE ASSETS

	COST				ACCUMULATED AMORTIZATION		WRITTEN DOWN VALUE	
	As at July 01, 2017	Additions	As at June 30, 2018	Rate %	As at July 01, 2017	Charge for the year	As at June 30, 2018	As at June 30, 2018
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Softwares	15,237	1,878	17,115	30 - 50	11,410	2,259	13,669	3,446
Licenses	12,711	12,651	25,362	33.33	6,289	4,998	11,287	14,075
2018	27,948	14,529	42,477		17,699	7,257	24,956	17,521
2017	21,605	6,343	27,948		12,343	5,356	17,699	10,249

9.1 The amortisation charge for the year has been allocated as follows:

	Note	2018	2017
------(Rupees)-----			
Cost of sales	34	1,834	2,670
Distribution costs	35	29	23
Administrative expenses	36	5,394	2,663
		7,257	5,356
10.1 Land and building	10.1	6,599,967	6,811,832
Capital work-in-progress - Civil works		102,954	33,614
		6,702,921	6,845,446

10.1 Land and building

	Note	COST		ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE		
		As at July 01, 2017	As at June 30, 2018	Rate %	Charge for the year				
					As at July 01, 2017	As at June 30, 2018			
								(Rupees in '000)	
Freehold land		974,504	-	974,504	-	-	974,504		
Leasehold land		1,657,588	-	1,657,588	3	343,783	48,669	392,452	1,265,136
Building on freehold land		1,928,469	-	1,928,469	10-30	463,274	58,926	522,200	1,406,269
Building on leasehold land		4,191,724	37,880 (16,196)	4,213,408	10-30	1,133,396	136,248 (10,294)	1,259,350	2,954,058
2018	10.1.1	8,752,285	37,880 (16,196)	8,773,969		1,940,453	243,843 (10,294)	2,174,002	6,599,967
2017		8,640,456	111,829	8,752,285		1,692,266	248,187	1,940,453	6,811,832

10.1.1 The forced sales value of the property determined on the basis of a valuation carried out by an independent professional valuer, as at June 30, 2018 amounts to Rs. 14,115 million (2017: Rs. 14,848 million). The valuation was arrived on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

## 10.1.2 Details of the Company's immovable fixed assets

S.No.	Location	Land Area (square yards)	Building Covered Area (square feet)
		----- (In '000) -----	
1	Industrial Property bearing khewat number 861, 862, 890, 895, 905, khatooni number 1086,1087,1116, 1121,1133, Mouza Taraf Ravi, Multan, Punjab.	5	20
2	Main Air Port Road, DHA, Near Divine Garden Scheme, Lahore, Punjab.	61	134
3	G-Block, Link Road, Model Town, Lahore, Punjab.	38	300
4	75 Ravi Road, Lahore (Near Minar-e-Pakistan), Punjab.	24	287
5	2 km. Thokar Niaz Baig, Multan Road, Lahore, Punjab.	61	133
6	Main Sargodha Road, Adjacent FDA City, Faisalabad, Punjab.	59	138
7	Plot 1-A, I-11/4 adjacent Railway Carriage Factory, Islamabad.	43	133
8	NA-Class 190-219, OKEWARI Near Safari Park, University Road, Karachi, Sindh	53	134
9	Near Star Gate, Shahra-e-Faisal, Karachi, Sindh.	40	384
10	D-22, Manghopir Road, S.I.T.E, Karachi, Sindh.	36	158

## 11. LONG-TERM INVESTMENTS

	Note	2018		2017	
		Holding %	Rupees in '000	Holding %	Rupees in '000
Investment in associates and joint venture stated as per equity method	11.2 & 11.3				
<b>Quoted associates</b>					
Indus Motor Company Limited		6.22		6.22	
Opening balance			1,769,481		1,556,769
Share of profit - net of tax			895,430		799,565
Remeasurement loss of post employment benefit obligation - net of deferred tax			(119)		(53)
Dividend received during the period			(635,700)		(586,800)
			<u>2,029,092</u>		<u>1,769,481</u>
(Market value Rs. 6,950.939 million) (2017: Rs. 8,770.704 million)					
<b>Habib Insurance Company Limited</b>		4.63		4.63	
Opening balance			39,394		41,856
Share of profit - net of tax			9,110		8,014
Share of actuarial gains / (loss) on remeasurement of defined			20,502		(439)
Dividend received during the period			(4,302)		(10,037)
			<u>64,704</u>		<u>39,394</u>
(Market value Rs. 68.825 million) (2017: Rs.89.013 million)					
<b>Agriauto Industries Limited</b>		7.35		7.35	
Opening balance			291,714		247,946
Share of profit - net of tax			64,160		62,280
Dividend received during the period			(24,329)		(18,512)
			<u>331,545</u>		<u>291,714</u>
(Market value Rs. 624.102 million) (2017: Rs. 913.728 million)					
<b>Shabbir Tiles &amp; Ceramics Limited</b>		1.30		1.30	
Opening balance			22,747		24,762
Share of profit / (loss) - net of tax			1,137		(2,015)
			<u>23,884</u>		<u>22,747</u>
(Market value Rs. 65.740 million) (2017: Rs. 59.840 million)					
			<u>2,449,225</u>		<u>2,123,336</u>
<b>Joint Venture</b>					
ThalNova Power Thar (Private) Limited (TNPTPL)		50		50	
Opening balance			312,462		26,786
Investment made during the year			275,000		282,496
Share of (loss) / profit - net of tax			(28,660)		3,180
	11.7		<u>558,802</u>		<u>312,462</u>
<b>TOTAL OF ASSOCIATES AND JOINT VENTURE</b>			<u>3,008,027</u>		<u>2,435,798</u>
<b>Other investments - Available-for-sale</b>					
<b>Quoted - at fair value</b>					
Habib Sugar Mills Limited			75,610		69,916
GlaxoSmithKline (Pakistan) Limited			278		430
GlaxoSmithKline Healthcare (Pakistan) Limited			203		-
Dynea Pakistan Limited			103,839		82,156
Allied Bank Limited			18,755		16,295
Habib Bank Limited			10,839		17,526
TPL Properties Limited			9,300		12,250
			<u>218,824</u>		<u>198,573</u>
<b>Un-Quoted - at cost</b>					
Sindh Engro Coal Mining Company Limited	11.1		1,398,011		898,861
<b>TOTAL</b>			<u>4,624,862</u>		<u>3,533,232</u>

11.1 Share of net profit / (loss) of associates and joint venture - after tax

	2018	2017
	----- (Rupees in '000) -----	
<b>Associates</b>		
Indus Motor Company Limited	895,430	799,565
Habib Insurance Company Limited	9,110	8,014
Agriauto Industries Limited	64,160	62,280
Shabbir Tiles and Ceramics Limited	1,137	(2,015)
	<u>969,837</u>	<u>867,844</u>
<b>Joint venture</b>		
ThalNova Power Thar (Private) Limited	(28,660)	3,180
	<u>941,177</u>	<u>871,024</u>

11.2 Although the Group has less than 20% equity interest in all its associates, the management believes that significant influence over these associates exists by virtue of Group's representation on the Board of Directors of the respective companies.

11.3 As the financial statements of all the associates may not necessarily be available at each reporting period of the Group, therefore the Group uses the financial statements of the associates with a lag of three months for applying the equity method of accounting. In case of TNPTPL the Group has used financial statements for the same period end as that of the Holding Company.

11.4 The summarised financial information of the associated companies and joint venture, based on the un-audited financial statements is as follows:

	2018			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
	----- (Rupees in '000) -----			
<b>March 31, 2018</b>				
<b>Associates</b>				
Indus Motor Company Limited	76,526,386	41,357,034	128,115,928	14,392,812
Habib Insurance Company Limited	3,260,144	1,706,843	519,704	196,756
Agriauto Industries Limited	5,253,468	749,078	7,827,450	873,425
Shabbir Tiles and Ceramics Limited	5,555,169	3,645,972	5,431,461	87,185
<b>June 30, 2018</b>				
<b>Joint venture</b>				
ThalNova Power Thar (Private) Limited	1,295,001	177,396	-	(57,318)

	2017			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
<b>March 31, 2017</b>				
<b>Associates</b>				
Indus Motor Company Limited	61,545,470	30,745,518	113,421,798	12,851,904
Habib Insurance Company Limited	2,724,921	1,594,399	569,231	173,102
Agriauto Industries Limited	4,595,322	633,157	7,274,545	824,482
Shabbir Tiles and Ceramics Limited	5,204,488	3,382,476	5,115,338	(154,489)
<b>June 30, 2017</b>				
<b>Joint venture</b>				
ThalNova Power Thar (Private) Limited	726,202	101,279	-	6,359

	2018	2017
	----- (Rupees in '000) -----	
11.5 Share in contingent liabilities of associated companies	115,146	464,043
Share in commitments of associated companies	1,166,159	128,442

11.6 The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the balance sheet date it has invested Rs. 1,398.011 million acquiring 94,332,725 ordinary shares having face value of Rs. 10 each, at a price of Rs. 14.82 per share. The balance commitment of the investment is USD 11.06 million.

11.7 Represents 50% equity interest in ThalNova Power Thar (Private) Limited (TNPTL) comprising 58,749,995 (2017:31,249,991) shares at Rs. 10/- each. TNPTL is a joint venture between the Company and Nova Powergen (Private) Limited. TNPTL is developing a 330MW (gross) mine mouth Thar coal based power plant at Block II, Thar Coalfields, District Tharparkar, Sindh (the Project) in accordance with Letter of Support from Private Power and Infrastructure Board (PPIB) and is a Build, Own and Operate Project. TNPTL has applied for extension in deadline for achievement of financial close as required under the letter of support.

11.8 All investments have been made in accordance with the provisions of the Section 199 of the Companies Act, 2017 and the rules promulgated for this purpose.

	Note	2018	2017
		----- (Rupees in '000) -----	
12. <b>LONG-TERM LOANS - secured, considered good</b>			
Employees			
Interest free loans		15,577	15,010
Current portion	19	(6,529)	(4,021)
	12.1	<u>9,048</u>	<u>10,989</u>

12.1 The loan is secured against mortgage of property. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 13.189 million (2017: Rs. 14.652 million). During, the year an amount of Rs. 3.022 million was repaid to the Company.

13. <b>LONG-TERM DEPOSITS</b>			
Security deposits		10,319	10,028
Utilities		7,237	7,237
Others		3,877	481
	13.1	<u>21,433</u>	<u>17,746</u>

13.1 These long term deposits are interest free.

14. <b>LONG TERM PREPAYMENT</b>			
Rent		22,501	22,501

15. <b>DEFERRED TAX ASSET - net</b>			
Deferred tax asset arising:			
In respect of provisions		291,985	272,245
Deferred tax liability arising:			
Due to accelerated tax depreciation allowance		(100,840)	(84,694)
		<u>191,145</u>	<u>187,551</u>



	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
<b>16. STORES, SPARES AND LOOSE TOOLS</b>			
Stores			
- In hand		34,269	19,922
- In transit		4,030	6,616
Spares			
- In hand		98,952	81,262
Loose tools		214	105
		<u>137,465</u>	<u>107,905</u>
<b>17. STOCK-IN-TRADE</b>			
Raw material			
- In hand	17.1	2,645,618	1,926,121
- In transit		648,361	385,845
		<u>3,293,979</u>	<u>2,311,966</u>
Work-in-process		226,833	156,863
Finished goods			
- In hand		526,335	520,378
- In transit		-	3,126
	17.2	<u>4,047,147</u>	<u>2,992,333</u>
<b>17.1</b>	Raw materials amounting to Rs. 8.342 million (2017: Rs. 7.582 million) are held with the sub-contractors.		
<b>17.2</b>	Includes items amounting to Rs. 38.284 million (2017: Rs. 690.797 million) carried at net realisable value. [Cost Rs. 93.422 million (2017: Rs. 734.922 million)].		
<b>18. TRADE DEBTS - unsecured</b>			
Considered good	18.1	1,593,086	1,094,863
Considered doubtful		17,888	16,124
Provision for doubtful debts	18.2	(17,888)	(16,124)
		<u>-</u>	<u>-</u>
		<u>1,593,086</u>	<u>1,094,863</u>
<b>18.1</b>	This includes amount due from following related parties:		
Indus Motor Company Limited		526,107	260,155
Auvitronics Limited		-	7
Habib Metropolitan Bank Limited		2,015	-
Agriauto Industries Limited		538	716
Shabbir Tiles and Ceramics Limited		<u>23,076</u>	<u>19,725</u>
		<u>551,736</u>	<u>280,603</u>
<b>18.2</b>	Reconciliation of provision for doubtful debts:		
Balance at the beginning of the year		16,124	83,757
Charge for the year	35	2,905	-
Reversal for the year		-	(66,354)
Bad debts written off		(1,141)	(1,279)
Balance at the end of the year		<u>17,888</u>	<u>16,124</u>
<b>18.3</b>	The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 806.324 million (2017: Rs. 954.035 million)		

## 19. LOANS AND ADVANCES

	Note	2018 ----- (Rupees in '000) -----	2017 ----- (Rupees in '000) -----
Loans			
Considered good - secured			
Employees - interest free	19.1	20,000	23,025
Current portion of long-term loans to employees	12 & 19.2	6,529	4,021
		<u>26,529</u>	<u>27,046</u>
Advances - considered good - unsecured			
Suppliers		54,579	39,365
Customer		19,211	-
Employees	19.2	5,586	4,787
		<u>79,376</u>	<u>44,152</u>
		<u>105,905</u>	<u>71,198</u>

**19.1** The loan is secured against mortgage of properties. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 20 million (2017: Rs. 20 million)

**19.2** The maximum aggregate amount due from employees at the end of any month during the year was Rs. 6.529 million (2017: Rs. 4.021 million). During, the year an amount of Rs. 3.022 million was repaid to the Company.

**19.3** These advances are interest free.

## 20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits			
Tender / Performance guarantee		78,710	44,834
Margin against letter of credit		2,227	285
Deposit against custom duty		7,182	7,182
Security deposits		-	406
Container deposits		24,065	12,295
Others		-	2,927
	20.1	<u>112,184</u>	<u>67,929</u>
Short-term prepayments			
Rent		7,297	6,412
Insurance	20.2	14,662	6,033
Others		16,967	8,689
		<u>38,926</u>	<u>21,134</u>
		<u>151,110</u>	<u>89,063</u>

**20.1** These deposits are interest free.

**20.2** This includes prepayments amounting to Rs. 11.735 million (2017: 6.033 million) made to Habib Insurance Company Limited, a related party.

## 21. OTHER RECEIVABLES

Duty drawback		2,106	2,140
Insurance claims		7	-
Others	21.1	28,287	3,803
		<u>30,400</u>	<u>5,943</u>
<b>21.1</b>	This includes receivable from the following related parties:		
Indus Motor Company Limited		17,286	25
Agriaautos Industries Limited		4	131
Habib Metropolitan Bank Limited		10	1,970
Shabbir Tiles and Ceramics Limited		8,484	111
		<u>25,784</u>	<u>2,237</u>

**21.2** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 31.272 million (2017: Rs. 10.335 million).

	Note	2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
<b>22. SHORT-TERM INVESTMENTS</b>			
Held-to-maturity - at amortised cost			
Term Deposit Receipts	22.1 & 22.3	1,116,137	5,559,064
Accrued interest		12,102	27,816
		<u>1,128,239</u>	<u>5,586,880</u>
Treasury Bills	22.2 & 22.3	1,865,695	1,236,396
Accrued interest		16,155	9,697
		<u>1,881,850</u>	<u>1,246,093</u>
At fair value through profit and loss account			
NAFA Government Securities Liquidity Fund		821,174	492,417
NAFA Money Market Fund		1,006,413	1,141,140
Alfalah GHP Income Fund		23,101	22,009
ALFALAH Money Market Fund		177,873	-
Atlas Money Market Fund		162,934	154,479
UBL Liquidity Plus Fund		931,623	382,270
MCB Cash Optimizer Fund		479,201	20,058
HBL Cash Fund		1,248,634	1,131,582
HBL Money Market Fund		904	-
ABL Cash Fund		1,207,291	313,215
Al-Meezan Cash Fund		-	20,030
		<u>6,059,148</u>	<u>3,677,200</u>
		<u>9,069,237</u>	<u>10,510,173</u>
<b>22.1</b>	These include deposits amounting to Rs. 579.843 million (2017: Rs. 3,262 million) with Habib Metropolitan Bank Limited, a related party These deposits carry interest rate ranging from 4.35% to 6.5% (2017: 3.48% to 6.4%) per annum and having maturity ranging from July 04, 2018 to December 08, 2018. Included in the above investment, Rs. 538.137 million (2017: Rs. 608.064 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company.		
<b>22.2</b>	These carry interest rate at the rate of 6.22% to 6.44% (2017: 5.99%) per annum and having maturity ranging from July 05, 2018 to August 01, 2018.		
<b>22.3</b>	Includes short-term investments amounting to Rs. 2,789.394 million (2017: Rs. 6,708.246 million) having maturity up to three months.		
<b>23. CASH AND BANK BALANCES</b>			
In hand		2,399	2,438
With banks in:			
Current accounts	23.1	366,020	116,752
Deposit accounts	23.2	579,571	539,927
Saving accounts	23.3	377,910	183,282
		<u>1,323,501</u>	<u>839,961</u>
		<u>1,325,900</u>	<u>842,399</u>
<b>23.1</b>	These include an amount of Rs. 51.022 million (2017: Rs. 52.401 million) maintained with Habib Metropolitan Bank, a related party.		
<b>23.2</b>	These include an amount of Rs. 421.220 million (2017: Rs. 477.695 million) maintained with Habib Metropolitan Bank, a related party, and carry markup at the rates ranging from 4.25 % to 5.75% (2017: 4% to 4.75%) per annum.		
<b>23.3</b>	These include an amount of Rs. 345.164 million (2017: Rs. 183.199 million) maintained with Habib Metropolitan Bank, and carry markup at the rate of 4.25% (2017: 4% to 4.25% ) per annum.		

## 24. SHARE CAPITAL

### 24.1 Authorized Capital

During the year, the Holding Company has increased its authorised capital from 100 million ordinary shares of Rs. 5/- each, amounting to Rs.500 million to 200 million ordinary shares of Rs. 5/- each amounting to Rs. 1,000 million.

### 24.1 Issued, Subscribed and paid-up capital

2018 Number of ordinary shares of Rs. 5/- each	2017 Number of ordinary shares of Rs. 5/- each		2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
5,149,850	5,149,850	Fully paid in cash	25,750	25,750
64,640,390	64,640,390	Issued as fully paid bonus shares	323,202	323,202
		Shares issued under the Scheme of Arrangements for Amalgamation		
<u>11,239,669</u>	<u>11,239,669</u>		<u>56,198</u>	<u>56,198</u>
<u>81,029,909</u>	<u>81,029,909</u>		<u>405,150</u>	<u>405,150</u>

25.1 As at 30 June 2018, 7,013,869 (2017:7,041,589).ordinary shares of Rs. 5/- each are held by related parties.

## 25. RESERVES

### Capital reserves

Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited

Premium on issue of share capital

Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited

### Revenue reserves

General reserve

Unappropriated profit

Gain on revaluation of available-for-sale investments

## 26. NON-CONTROLLING INTEREST

Habib Metro Pakistan (Private) Limited

Thal Boshoku Pakistan (Private) Limited

## 27. LONG TERM DEPOSITS

Security deposits

27.1 Represents deposits in respect of investments properties rented out by a subsidiary company and includes deposits with the following related parties:

Note	2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
	13,240	13,240
	12,225	12,225
	<u>42,464</u>	<u>42,464</u>
	<u>67,929</u>	<u>67,929</u>
	<u>13,573,374</u>	<u>11,207,374</u>
	<u>6,152,487</u>	<u>7,027,888</u>
	<u>19,725,861</u>	<u>18,235,262</u>
	<u>164,179</u>	<u>143,928</u>
	<u>19,957,969</u>	<u>18,447,119</u>
	6,025,516	5,921,694
	458,566	194,917
	<u>6,484,082</u>	<u>6,116,611</u>
	<u>319,720</u>	<u>316,762</u>

	Note	2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
- Indus Motor Company Limited		3,820	3,820
- METRO Habib Cash and Carry Pakistan (Private) Limited		289,506	289,506
		293,326	293,326
<b>28. TRADE AND OTHER PAYABLES</b>			
Creditors	28.1	607,202	318,634
Accrued liabilities	29.2	1,211,091	1,091,752
Custom duty payable		51,176	67,982
Unclaimed salaries		5,627	3,901
Warranty obligations	28.3	415,041	336,128
Royalty payable	28.4	91,999	156,722
Workers' profit participation fund	28.5	1,063	4,739
Workers' welfare fund		168,672	193,010
Payable to provident fund		379	234
Payable to retirement benefit fund		7,117	6,188
Security deposits		2,578	1,568
Advance against sale of land		3,000	-
Other liabilities	28.6	107,634	90,354
		2,672,579	2,271,212
<b>28.1 This includes amounts due to related parties:</b>			
Habib Insurance Company Limited		4,752	594
Indus Motor Company Ltd.		1,538	-
Auvitronics Limited		-	4,586
Metro Habib Cash & Carry (Private) Limited		807	-
		7,097	5,180
<b>28.2 This includes amounts due to the following related party:</b>			
Habib Insurance Company Limited		4,370	914
<b>28.3 Warranty obligations</b>			
Balance at the beginning of the year		336,128	261,017
Charge for the year-net	35	93,099	87,116
		429,227	348,133
Claims paid during the year		(14,186)	(12,005)
Balance at end of the year		415,041	336,128
<b>28.4 Royalty payable</b>			
Balance at the beginning of the year		156,722	109,198
Charge for the year-net	34	168,211	182,702
Paid during the year		(232,934)	(135,178)
Balance at the end of the year		91,999	156,722
<b>28.5 Workers' Profit Participation Fund (WPPF)</b>			
Receivable from WPPF at the beginning of the year		4,739	(293)
Interest on funds utilised in the Company's business		-	10
Allocation for the current year	37	207,532	294,739
		212,271	294,456
Paid during the year		(211,208)	(289,717)
Payable to WPPF at the end of the year		1,063	4,739

	Note	2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
<b>28.6 Other liabilities</b>			
Staff salaries		-	2,000
Tax deducted at source		8,242	4,365
Employees Old-Age Benefits Institution (EOBI)		47,896	33,912
Sales tax payable		5,458	-
Advances from customers		23,019	23,653
Provision for severance cost		2,927	2,927
Others		20,092	23,497
		107,634	90,354
<b>29. INCOME TAX - net</b>			
Group Tax Relief adjustments	29.1	(593,466)	(593,466)
Group Taxation adjustments	29.2	(512)	(10,040)
Income tax provision less tax payments – net		690,901	570,111
		96,923	(33,395)
<b>29.1</b>			
In terms of the provisions of Section 59B of the Income Tax Ordinance, 2001 (the Ordinance), a subsidiary company may surrender its tax losses in favour of its holding company for set off against the income of its holding company subject to certain conditions as prescribed under the Ordinance.			
Accordingly, the Holding Company adjusted its tax liabilities for the tax years 2008-2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.			
The original assessments of the Holding Company for the tax years 2008 to 2010 were amended under Section 122(5A) of the Ordinance by the tax authorities by disallowing Group Relief claimed by the Holding Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The Holding Company preferred appeals against the said amended assessments before the Commissioner Inland Revenue (Appeals) who vide his orders dated 10th June 2011 and 11th July 2011 has held that the Holding Company is entitled to Group Relief under section 59B of the Ordinance. However, the tax department filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the Commissioner Inland Revenue (Appeal) (CIR) Order. The ATIR has passed an order in favour of the Holding Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the Sindh High Court and with the Chairman ATIR which are under the process of hearings.			
<b>29.2</b>			
In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the Holding Company, MHPL and A-One have irrevocably opted to be taxed as one fiscal unit with effect from tax year 2017. Accordingly, the tax loss of MHPL for the tax year 2018 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 5.653 million (2017: Rs. 17.763 million) for the current year. Moreover, the tax charge transferred by A-One to the Company amounted to Rs. 5.141 million (2017: 7.723).			
	Note	2018 ------(Rupees in ‘000)-----	2017 ------(Rupees in ‘000)-----
<b>30. SHORT-TERM RUNNING FINANCE - Secured</b>			
Related party		58,579	5,473
Others		2,171	3,664
	30.1	60,750	9,137
<b>30.1</b>			
Available limits of the running finance facilities amount to Rs. 2,498 million (2017: Rs. 2,698 million). The facilities carry mark-up ranges at rates ranging from one month to three months' KIBOR plus spreads of 0.5% to 0.75% (2017: 0.5% to 0.75%) per annum. The facilities are secured by way of joint pari passu charge against hypothecation of the Group's stock-in-trade and book debts. The facilities have a maturity till May 31, 2019.			

31. **DEFERRED INCOME**

Represents license fee received in advance in respect of portion of its stores leased out and advertisement income

32. **CONTINGENCIES AND COMMITMENTS**

32.1 Contingencies

32.1.1 The Group relief tax contingency is disclosed in note 29.1 to the financial statements.

32.1.2 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes vide show cause notice on 06 April 2016. The exparte under Section 161/205/182(1) of the Income Tax Ordinance, 2001 were passed on 14 April 2016 and tax of Rs. 1.81 billion for the tax years from 2011 to 2014, was determined inclusive of default surcharge and penalty. The Company being aggrieved with the order of Assessing Officer, filed an appeal before the Commissioner Inland Revenue (Appeals)through combined appellate order dated 23 May 2016 for the tax years 2011 to 2014 maintained the decision of OIR.

The Company being aggrieved with order of the Commissioner Inland Revenue (Appeals), filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), which by an order dated 20 June 2016 annulled the orders of OIR and Commissioner Inland Revenue (Appeals) and also deleted the consequential default surcharge and penalty.

Futher, during the year, OIR challenged the order of the ATIR in the Honorable High Court of Sindh (HCS) and the case is still pending before the Honourable High Court of Sindh. The management is of the opinion that the position of the Company is sound on technical basis and eventual outcome ought to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these financial statements.

32.1.3 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes vide show cause notice on 05 April 2016 in respect of tax year 2010. This show cause notice was challenged by the Company in Honorable High Court of Sindh through Suit No. 1187 of 2016 on merit.

In response, the honorable High Court of Sindh passed an interim order on 16 May 2016 and directed that no action on basis of impugned show cause notice be taken in pursuance of such period as per Court's order. Moreover, no further proceedings were initited till the year-end and the managment of the Company is confident about the favorable ultimate outcome in respect of above case.

32.2 Commitments

32.2.1 Post dated cheques have been issued to Collector of Custom in respect of differential duty between commercial and concessional rate of duty, duty and tax remission on exports and safe transport requirement under various SROs.

24,545	103,974
1,723,577	755,157
1,437,701	2,175,690
7,515	66,817

32.2.2 Letters of credit outstanding for raw material and spares.

32.1.3 Letter of guarantees issued by banks on behalf of the company in respect of financial commitments of the Group.

32.2.4 Commitments in respect of capital expenditure

2018  
-----**(Rupees in ‘000)**-----  
2017

32.2.5 Commitments for rentals under Ijarah (lease) agreements

Within one year  
Later one year but not later than five years

16,084	10,691
13,103	10,733
29,187	21,424

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 29.187 million and are payable in monthly installments latest by February, 2021. These commitments are secured by on-demand promissory notes of Rs. 60.487 million.

32.2.6 The Group has obtained three pieces for land for its stores under operating lease agreements of 30 to 59 years. The leases have varying terms, escalation clauses, contingent rent arrangements and renewal rights. The amounts of future payments under operating leases and the period in which these payments will become due are as follows:

Not later than one year  
Later than one year but not later than five years  
Later than five years

79,960	78,561
422,818	414,939
1,963,321	2,051,160
2,466,099	2,544,660

32.2.7 Commitment in respect of investment is disclosed in note 11.7 to these consolidated financial statements.

33. **REVENUE - net**

Note  
2018  
-----**(Rupees in ‘000)**-----  
2017

Export sales  
Local sales

33.1	436,245	261,892
33.2	22,672,399	20,396,500
	23,108,644	20,658,392

Less:  
Sales tax  
Sales discount

3,025,707	2,706,236
2,602	2,463
3,028,309	2,708,699
20,080,335	17,949,693

Add:  
Service income

220,828	183,525
20,301,163	18,133,218

Add:  
Duty drawback

6,908	3,685
20,308,071	18,136,903



33.1 Export sales are stated net of export related freight and other expenses of Rs. 14.832 million (2017: Rs. 9.170 million).

33.2 Local sales are stated net of freight and other expenses of Rs. 103.982 million (2017: Rs. 76.028 million).

	Note	2018	2017
		------(Rupees in ‘000)-----	
33.3 Gross Export Sales			
Confirmed LCs	33.3.1	2,608	9,001
Contract	33.3.1	448,469	262,061
		<u>451,077</u>	<u>271,062</u>

33.3.1 Breakup of confirmed LCs and Contract sales are as below:

	Confirmed LCs		Contract	
	(Rupees in '000)			
	2018	2017	2018	2017
Bangladesh	2,608	7,412	-	-
Australia	-	-	26,576	17,029
Egypt	-	-	11,922	-
Turkmenistan	-	-	41,069	48,296
Italy	-	-	66,492	42,623
Malaysia	-	-	5,449	1,320
Spain	-	-	762	616
Switzerland	-	-	5,695	-
Turkey	-	-	9,239	-
United Arab Emirates	-	-	135,329	69,043
Oman	-	1,589	2,044	-
Kuwait	-	-	2,998	2,075
Afghanistan	-	-	5,967	23,104
Saudi Arabia	-	-	-	2,702
Europe	-	-	1,152	-
Others	-	-	133,775	55,253
	2,608	9,001	448,469	262,061

34. COST OF SALES

	Note	2018	2017
		------(Rupees in ‘000)-----	
Raw material consumed	34.1	13,819,671	11,994,271
Salaries, wages and benefits		1,430,214	1,170,571
Stores, spares and lubricants		176,156	157,485
Repairs and maintenance		129,623	137,298
Power and fuel		268,775	248,286
Rent, rates and taxes		6,851	6,161
Vehicle running and maintenance		12,042	8,989
Insurance		9,511	8,940
Communication		6,306	4,886
Travelling and conveyance		11,860	13,847
Entertainment		697	214
Printing and stationery		8,062	5,188
Legal and professional		14,677	2,856
Computer accessories		6,599	4,551
Royalty	28.4	168,211	182,702
Depreciation / amortization	8.3	202,667	136,296
Amortization	9.1	1,834	2,670
Research and development		7,146	7,644
Ijarah rentals		10,043	5,172
Technical Assistance fee		114	-
Others		4,749	4,871
		<u>16,295,808</u>	<u>14,102,898</u>
Work-in-process			
Opening		156,863	213,115
Closing		(226,833)	(156,863)
		<u>(69,970)</u>	<u>56,252</u>
Cost of goods manufactured		<u>16,225,838</u>	<u>14,159,150</u>
Finished goods			
Opening stock		520,378	479,128
Purchases		63,110	50,345
Stock destroyed		-	(1,181)
Closing stock		(526,335)	(520,378)
		<u>57,153</u>	<u>7,914</u>
		<u>16,282,991</u>	<u>14,167,064</u>
34.1 Raw material consumed			
Opening stock		1,926,121	1,651,970
Purchases		14,539,168	12,268,422
Closing stock		(2,645,618)	(1,926,121)
		<u>13,819,671</u>	<u>11,994,271</u>
34.1 Raw material consumed			
Opening stock			
Purchases			
Closing stock			

			2018 ----- (Rupees in ‘000) -----	2017 ----- (Rupees in ‘000) -----
34.2	Royalty			
	Party Name	Registered Address		
	Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	82,991	100,067
	Furukawa Automotive Systems	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	74,919	70,814
	Toyota Boshoku Japan	88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395 Japan.	10,301	11,821
			168,211	182,702

Note

### 35. DISTRIBUTION COSTS

			2018 ----- (Rupees in ‘000) -----	2017 ----- (Rupees in ‘000) -----
	Salaries and benefits		76,544	61,633
	Vehicle running expense		3,869	3,074
	Utilities		1,676	1,735
	Insurance		1,989	1,849
	Rent, rates and taxes		12,241	8,339
	Communication		2,338	2,021
	Advertisement and publicity		11,170	9,053
	Travelling and conveyance		5,690	5,833
	Entertainment		383	227
	Printing and stationery		405	330
	Legal and professional		251	-
	Computer accessories		509	473
	Research and development		190	252
	Depreciation / amortization	8.3	1,986	1,393
	Amortization	9.1	29	23
	Provision for doubtful debts	18.2	2,905	-
	Repairs and maintenance		1,697	2,564
	Export expenses		5,216	5,233
	Provision for warranty claims	28.4	93,099	87,116
	Ijarah rentals		2,734	813
	Others		836	713
			225,757	192,674

### 36. ADMINISTRATIVE EXPENSES

	Note	2018 ----- (Rupees in ‘000) -----	2017 ----- (Rupees in ‘000) -----
Salaries and benefits		862,454	726,056
Vehicle running expense		20,414	17,222
Printing and stationery		7,004	5,553
Rent, rates and taxes		120,688	105,066
Utilities		32,474	25,722
Insurance		2,254	2,547
Entertainment		4,929	3,698
Subscription		3,612	2,138
Communication		11,631	9,110
Advertisement and publicity		6,242	7,678
Repairs and maintenance		56,755	79,983
Travelling and conveyance		30,960	28,386
Legal and professional		83,327	78,699
Computer accessories		7,986	5,298
Auditors' remuneration	36.1	6,747	6,458
Depreciation / amortization	8.3	28,954	33,722
Amortization	9.1	5,394	2,663
Depreciation on investment property	10.1	243,843	248,187
Ijarah rentals		10,286	5,528
Charity and donations	36.2	59,069	74,182
Directors' Fee & meeting expenses		1,990	1,465
General contracted services		3,941	4,207
Municipal utility charges		-	32,801
Provision against unamortized advance rent		-	23,438
Others		5,698	9,214
		1,616,652	1,539,021
36.1 Auditors' remuneration			
Audit fee		3,954	3,920
Half-yearly review		324	324
Taxation services		1,197	1,323
Other certifications		623	425
Out of pocket expenses		649	466
		6,747	6,458
36.2 Charity and donations			

Charity and donations include the following donees in whom directors or their spouses are interested:

			2018	2017
			----- (Rupees in ‘000) -----	----- (Rupees in ‘000) -----
Name of donee	Address of donee	Name of directors/spouse		
Mohamedali Habib Welfare Trust	2nd Floor, House of Habib, 3-Jinnah Co-operative Housing Society, Block 7/8, Sharae Faisal, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	20,072	17,807
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	12,536	8,500
Habib University Foundation	147, Block 7&8, Banglore Cooperative Housing Society, Tipu Sultan Road, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	5,000	14,999
Anjuman -e- Behbood Samat -e- Itfal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	34	36
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96
Ghulaman-e-Abbas School	Ghulaman-e-Abbas School, Bab-e-Ali, Al-alamdar Building, Near Lyari Expressway, Mauripur Road, Karachi	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	-	500
Masoomen Hospital Trust	Atmaram Pritamdas Road, Moosa Lane Miranpir, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	-	2,000

36.3 Charity and donations include the following donees to whom donations exceed Rs. 0.50 million other than already disclosed above:

			2018	2017
			----- (Rupees in ‘000) -----	----- (Rupees in ‘000) -----
Name of donee	Name of directors/spouse			
The Cooperative Model Town Society	None		5,000	5,000
Thar Foundation	None		2,000	3,000
The Citizens Foundation	None		6,608	3,360
School of Leadershship	None		990	-
Patients Aids Foundation	None		-	3,000
The Indus Hospital	None		2,000	2,050
Metro Cash & Carry Pakistan for dengue program	None		-	956
Northern Areas Eye Hospital	None		1,000	1,500
HELP	None		1,274	-

		Note	2018	2017
			----- (Rupees in ‘000) -----	----- (Rupees in ‘000) -----
37.	<b>OTHER CHARGES</b>			
	Workers' Profits Participation Fund	28.5	207,532	294,739
	Workers' Welfare Fund		60,477	65,836
	Loss on disposal of investment property		3,150	-
			271,159	360,575
38.	<b>OTHER INCOME</b>			
	Income from financial assets			
	Dividend income			
	Dynea Pakiatan Limited		3,268	2,042
	Habib Sugar Mills Limited		3,267	5,134
	Allied Bank Limited		1,318	1,318
	Habib Bank Limited		358	912
	GlaxosmithKline Pakistan Limited		5	10
			8,216	9,416
	Interest on:			
	Deposit accounts		50,773	45,656
	Term deposit receipts		237,564	263,453
	Government treasury bills		87,156	48,525
			375,493	357,634
	Gain on revaluation / redemption of investments at fair value through profit and loss		201,489	141,378
	Reversal of provision for doubtful debts		-	66,354
	Liabilities no longer payable written back		68	2,928
	Exchange gain - net		1,780	1,051
			587,046	578,761
	Income from non financial assets			
	Gain on disposal of operating fixed assets	8.4	10,933	231,837
	Gain on disposal of associate - MHCCP		-	2,120,000
	Rental income from investment properties	38.2	1,452,812	1,555,809
	Licence fee, signage and others		189,017	2,673
	Sale of scrap		10,912	8,607
	Claim from suppliers		6,525	5,032
	Others		7	804
			1,670,206	3,924,762
			2,257,252	4,503,523

38.2 Includes an amount of 1,452 million (2017: Rs. 1,412 million) under long term agreements with MHCCP, whereby the immovable properties owned by the Group have been rented out to MHCCP for its cash & carry store operations at fixed annual rent.

39.	<b>FINANCE COSTS</b>		2018	2017
			----- (Rupees in ‘000) -----	----- (Rupees in ‘000) -----
	Mark-up on short-term running finance:			
	- Related party		182	47
	- Others		39	105
			221	152
	Workers' Profit Participation Fund			10
	Bank charges and guarantee commission		9,985	9,186
			10,206	9,348

	Note	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
<b>40. TAXATION</b>			
Current		1,449,168	1,813,358
Prior		102,082	(34,436)
Deferred		(3,594)	(38,900)
	40.1	<u>1,547,656</u>	<u>1,740,022</u>
<b>40.1 Relationship between income tax expense and accounting profit</b>			
Profit before taxation and share of profit of associates		<u>4,158,558</u>	<u>6,371,744</u>
Tax at the rate of 25% - 30% (2017: 25% - 31%)		1,247,273	2,117,413
Super tax @ 3% of taxable income		150,638	179,299
		<u>1,397,911</u>	<u>2,296,712</u>
<b>Tax effects of:</b>			
Tax effect of inadmissible items		(30,221)	(153,292)
Income taxed at reduced rates, exempt or taxed under final tax regime		77,884	(368,962)
Prior years		102,082	(34,436)
		<u>1,547,656</u>	<u>1,740,022</u>
<b>40.2 Adequate provision for tax has been provided in these financial statements for the current year. A comparison of last three years of income tax provision with tax assessed is presented below:</b>			
		<b>Provision for Taxation</b>	<b>Tax assessed</b>
		<b>------(Rupees in '000)-----</b>	
2017	40.2.1	<u>1,845,056</u>	<u>1,845,056</u>
2016	40.2.1	<u>1,122,211</u>	<u>1,122,211</u>
2015		<u>1,216,988</u>	<u>1,216,988</u>
<b>40.2.1</b> The Holding Company and its wholly owned subsidiaries, Makro-Habib Limited and A-One Enterprises (Private) Limited, irrevocably opted to be taxed as one fiscal unit in the year 2017 and the Company and its wholly owned subsidiary, Makro-Habib Limited, irrevocably opted to be taxed as one fiscal unit in the year 2016.			
<b>41. BASIC AND DILUTED EARNINGS PER SHARE</b>			
There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:			
		<b>2018 ------(Rupees in '000)-----</b>	<b>2017 ------(Rupees in '000)-----</b>
Profit after taxation attributable to the equity holders of the Holding Company		<u>3,171,847</u>	<u>5,146,953</u>
		<b>Number of shares in thousands</b>	
Weighted average number of ordinary shares of Rs. 5/- each in issue		<u>81,030</u>	<u>81,030</u>
		<b>------(Rupees)-----</b>	
Basic and diluted earnings per share		<u>39.14</u>	<u>63.52</u>

## 42. CASH GENERATED FROM OPERATIONS

Profit before taxation

Adjustments for non-cash charges and other items:

Depreciation and amortization

Write-off of long term prepayments

Net share in profit of associates and joint venture - after tax

Finance costs

Interest income

Liabilities no longer payable written back

Gain on revaluation / redemption of investments at fair value through profit and loss

Dividend income

Provision / (reversal) of provision for doubtful debts

Provision for retirement benefits

Gain on disposal of investment in an associate - MHCCP

Loss on sale of investment property

Gain on disposal of operating fixed assets

(Increase) / decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts

Loans and advances

Trade deposits and short-term prepayments

Other receivables

Sales tax refundable

Decrease in current liabilities

Deferred income

Trade and other payables

Sales tax payable

## 43. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short-term investments

Short term running finance

Note	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
	5,099,735	7,242,768
	484,707	176,785
	-	23,438
	(941,177)	(871,024)
	10,206	9,348
	(375,493)	(357,634)
	(68)	(2,928)
	(201,489)	(141,378)
	(8,216)	(9,416)
	2,905	(66,354)
	4,967	2,088
	-	(2,120,000)
	3,150	-
	(10,933)	(231,837)
	<u>(1,031,441)</u>	<u>(3,588,912)</u>
	4,068,294	3,653,856
	(29,560)	(17,324)
	(1,054,814)	(167,783)
	(501,128)	20,005
	(34,707)	(17,927)
	(62,047)	(41,489)
	(97,130)	578,881
	(30,263)	(32,477)
	<u>(1,809,649)</u>	<u>321,886</u>
	3,146	297
	400,124	549,819
	(8,078)	-
	<u>395,192</u>	<u>550,116</u>
	2,653,837	4,525,858
23	1,325,900	842,399
22	2,789,394	6,708,246
30	(60,750)	(9,137)
	<u>4,054,544</u>	<u>7,541,508</u>



44. **TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Balance with related parties of the Group, associates, and companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed in note 45 and else where in these consolidated financial statements, are as follows:

Relationship	Nature of transactions	2018	2017
		----- (Rupees in '000) -----	
Associates:	Sales	10,586,532	10,419,052
	Professional Services rendered	231,169	205,279
	Rental Income on properties	1,452,812	1,436,798
	Professional Services acquired	1,250	1,958
	Insurance premium	40,084	31,174
	Purchase of assets	1,576	16,109
	Sale of assets	1,382	-
	Purchase of goods	65,238	127,871
	Insurance claim received	844	3,016
	Mark-up and bank charges paid	4,332	2,917
	Profit received	204,861	224,269
	Supplies purchased	522,977	448,802
	Licence fee, signage and others	38,015	-
	Rent Paid	1,623	2,230
	Rent Received	-	30,268
	Service Fee	736	11,799
	Ijarah Rentals	22,650	
Employee benefit plans:	Contribution to provident fund	39,530	33,692
	Contribution to retirement benefit fund	4,967	2,750

44.1 There are no transactions with key management personnel other than under the terms of employment as disclosed in note 45 to these consolidated financial statements.

44.2 The receivable / payable balances with related parties as at June 30, 2018 are disclosed in the respective notes to these consolidated financial statements.

44.3 Following are the related parties of the Group with whom the Company had entered into transactions or have arrangement/agreement in place.

S. No	Company Name	Basis of association	Aggregate % of shareholding	Nature of transactions
1	Indus Motor Company Limited	Associate	6.22%	Sales of goods / Professional services rendered / Rent received
2	Shabbir Tiles and Ceramics Limited	Associate	1.30%	Sales of goods / Supplies purchased / Professional services rendered / Rent received
3	Habib Insurance Company Limited	Associate	4.63%	Insurance premium / Insurance claim received
4	Metro Habib Cash and Carry Pakistan (Private) Limited	Associate of subsidiary	-	Purchase of assets / Supplies purchased
5	Habib Metropolitan Bank Limited	Common Directorship	-	Mark-up and bank charges paid / Profit received / Professional services rendered
6	First Habib Modaraba	Subsidiary of an associate	-	Ijarah rentals
7	Thal Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
8	Thal Limited - Employees' Retirement Benefit Fund	Employees' fund	-	Contribution made
9	Makro-Habib Pakistan Limited Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
10	Noble Computer Services (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
11	Habib Metro Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
12	Thal Boshoku Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
13	ThalNova Thar Power (Private) Limited	Joint Venuture	-	Investment made
14	Metro Cash & Carry International Holdings B.V.	Shareholder of subsidiary	-	Dividend paid
15	METRO Cash & Carry Pakistan (Private) Limited	Associate of subsidiary	-	Rental income
16	Agriauto Industries Limited	Common Directorship	-	Professional services rendered / Rent paid
17	Indus Lands (Private) Limited	Common Directorship	-	Sale of fixed assets

44.4 Following are the Associates of the Group with whom the Company had entered into transactions or have arrangement/agreement in place.

**Toyota Tsusho Asia Pacific Pte. Ltd**

Nature: Trading Company  
Registered address: 600 North Bridge, Road No. 19, 01 Parkview Square, Singapore 188778  
Country of incorporation: Singapore  
Basis of association: Subsidiary of Shareholder Company  
Aggregate percentage of shareholding: 0%  
Nature of transactions: Supplies Purchased  
Operational status: Active

The name of Chief Executive is Mr. Hideki Yanase

**Toyota Tsusho Corporation**

Nature: Trading company  
Registered Address: 3-13, Konan 2- Chome, Minato-Ku, Tokyo, Japan  
Country of incorporation: Japan  
Basis of association: Shareholder  
Aggregate percentage of shareholding: 10%  
Nature of transactions: Supplies Purchased  
Operational status: Active

The name of Chief Executive is Mr. Ichiro Kashitani

**Toyota Boshoku Corporation Japan**

Nature: Auto parts Manufacturer  
Registered address: 88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395  
Country of incorporation: Japan  
Basis of association: Associated Company  
Aggregate percentage of shareholding: 35%  
Nature of transactions: Services acquired  
Operational status: Active  
The name of Chief Executive is Mr. Takeshi Numa

	2018			2017		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	20,257	-	512,325	28,600	-	415,410
Bonus	7,290		65,530	9,032		77,392
Group's contribution to provident fund	807	-	14,516	855	-	13,334
Group's contribution to retirement fund	-	-	4,676	-	-	3,487
Other perquisites	-	-	2,108	-	-	2,489
	28,354	-	599,155	38,487	-	512,112
Number of persons	1	6	64	1	6	70

45.1 The chief executives, directors and certain executives of the Group are provided with free use of company maintained cars.

45.2 Five non-executive directors (2016: Four) have been paid fees of Rs. 1,870,000 (2017: Rs. 1,175,000) for attending board meetings.

45.3 The Chief Executive and Director of Pakistan Industrial Aids (Private) Limited, A-One Enterprises (Private) Limited, Thal Boshoku Pakistan (Private) Limited, Thal Power (Private) Limited and Makro-Habib Pakistan Limited are not being paid any remuneration for holding the office.

46. **PLANT CAPACITY AND ACTUAL PRODUCTION**

	2018	2017
<b>Annual Capacity</b>		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)*	*251,000	140,000
Alternator (Units)	90,000	90,000
Starter (Units)	90,000	90,000
Seat tracks (Sets)	55,000	55,000
Side frame (Sets)	55,000	55,000
Air cleaner (Sets)	110,000	110,000
<b>Actual Production</b>		
Jute (Metric Tons)	26,748	22,474
Auto air conditioners (Units)	63,914	77,363
Wire harness (Units)	148,447	131,263
Paper bags (Nos. 000s)	117,243	105,202
Alternator (Units)	51,134	53,669
Starter (Units)	51,134	53,380
Seat tracks (Sets)	47,227	49,824
Side frame (Sets)	54,565	53,080
Air cleaner (Sets)	33,101	38,626
Reason for shortfall	Low demand	Low demand

\* New product lines were commissioned during the year.

46.1 The capacity of wire harness is dependent on product mix.

46.2 The production capacity of Laminate Operations depends on the relative proportion of various types of products.

#### 47. PROVIDENT FUND

Size of the funds  
Percentage of investments made  
Fair value of investments  
Cost of investments made

	2018 Unaudited ------(Rupees in '000)-----	2017 Audited ------(Rupees in '000)-----
	620,768	622,279
	96.92%	99.26%
	601,624	617,656
	596,301	567,109

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

	2018 ----- (Unaudited) -----		2017 ----- (Audited) -----	
	Investments (Rs '000)	Investment as a % of size of the fund	Investments (Rs '000)	Investment as a % of size of the fund
Government securities	19,587	3.16%	137,950	22.17%
Term finance certificates and Sukuks	-	0.00%	73,737	11.85%
Term deposit receipts, call deposits and musharika certificates	402,505	64.84%	244,394	39.27%
Listed securities and mutual fund units	179,533	28.92%	161,575	25.97%
	<u>601,625</u>	<u>96.92%</u>	<u>617,656</u>	<u>99.26%</u>

47.2 Investments out of provident fund have been made in accordance with the provisions of the Companies Act, 2017 and the rules formulated for this purpose.

#### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments are subject to credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors oversees policies for managing each of these risks which are summarised below.

##### 48.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is mainly exposed to credit risk on trade debts, short term investments and bank balances. The Group seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

#### Quality of financial assets

The credit quality of financial assets is analyzed as under:

The analysis of trade debts is as follows:

Neither past due nor impaired [includes Rs. 538.935 million (2017: Rs. 271.982 million) receivable from related parties.]

Past due but not impaired

- Less than 90 days [includes Rs. 12.680 million (2017: Rs. 8.590 million) receivable from related parties.]
- 91 to 180 days [includes Rs. 0.121 million (2017: 0.031 million) receivable from related parties.]
- 181 to 360 days [includes Nil (2017: Nil) receivable from related parties.]
- Greater than 360 days [includes Nil (2017: Nil) receivable from related parties.]

Bank balances

Ratings

A1+

A-1+

A1 \*

P-1 \*\*

\* This includes rating assigned by an international rating agency to foreign bank.

\*\* This reflects rating assigned by an international rating agency to a foreign bank.

Short term investments

Ratings

A1+

A-1+

AM2+

AA(f)

AM1

AM2++

AA-(f)

AA+(f)

A+(f)

	2018 ------(Rupees in '000)-----	2017 ------(Rupees in '000)-----
	1,258,948	952,070
	295,860	107,066
	35,549	33,213
	2,699	2,514
	30	-
	<u>1,593,086</u>	<u>1,094,863</u>
	1,016,128	779,493
	132,183	60,261
	23	44
	175,167	163
	<u>1,323,501</u>	<u>839,961</u>
	921,470	4,802,660
	2,088,619	2,030,313
	-	176,488
	4,557,799	1,847,097
	-	1,633,557
	-	20,058
	821,174	-
	657,074	-
	23,101	-
	<u>9,069,237</u>	<u>10,510,173</u>

Financial assets other than trade debts, bank balances and short term investments are not exposed to any material credit risk.

##### 48.2 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with the financial instruments. To guard against the risk, the Group has diversified funding sources and the assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
	------(Rupees in '000)-----				
<b>Year ended June 30, 2018</b>					
Long term deposit	-	-	-	319,720	319,720
Trade and other payable	2,770,245	-	-	-	2,770,245
Short-term running finance	60,750	-	-	-	60,750
Accrued markup	-	-	-	-	-
	<u>2,830,995</u>	<u>-</u>	<u>-</u>	<u>319,720</u>	<u>3,150,715</u>
<b>Year ended June 30, 2017</b>					
Long term deposit	-	-	-	316,762	316,762
Trade and other payables	2,343,765	-	-	-	2,343,765
Short-term running finance	9,137	-	-	-	9,137
Accrued markup	1	-	-	-	1
	<u>2,352,903</u>	<u>-</u>	<u>-</u>	<u>316,762</u>	<u>2,669,665</u>

#### 48.3 Foreign Currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risks is as follows:

	2018	2017
Trade receivables (USD)	<u>52,246</u>	<u>15,458</u>
Trade and other payables (USD)	<u>2,127,134</u>	<u>37,714</u>
Trade and other payables (JPY)	<u>1,057,000</u>	<u>3,197</u>
Trade and other payables (CHF)	<u>-</u>	<u>10</u>
Trade and other payables (EUR)	<u>519,502</u>	<u>113,146</u>
Total USD - payable	<u>2,074,888</u>	<u>22,256</u>
Total JPY - payable	<u>1,057,000</u>	<u>3,197</u>
Total CHF - payable	<u>-</u>	<u>113,146</u>
Total EUR - payable	<u>519,502</u>	
The following significant exchange rates have been applied at the reporting dates:		
USD	<u>121.50</u>	<u>104.85</u>
EUR	<u>141.58</u>	<u>120</u>
AED	<u>-</u>	<u>-</u>
SAR	<u>-</u>	<u>-</u>
JPY	<u>1.10</u>	<u>0.94</u>
CHF	<u>-</u>	<u>109.41</u>

#### Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the USD, AED, JPY and CHF's exchange rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Change in US dollars, AED, SAR,JPY & CHFs rate %	Effect on profit or (loss) before tax ------(Rupees in '000)-----	Effect on equity
2018	+ 10	<u>(32,681)</u>	<u>(22,996)</u>
	- 10	<u>32,681</u>	<u>22,996</u>
2017	+ 10	<u>(1,587)</u>	<u>(1,154)</u>
	- 10	<u>1,587</u>	<u>1,154</u>

#### 48.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the financial statements.

#### Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
2018		
KIBOR	<u>+ 100</u>	<u>8,967</u>
KIBOR	<u>- 100</u>	<u>(8,967)</u>
2017		
KIBOR	<u>+ 100</u>	<u>7,323</u>
KIBOR	<u>- 100</u>	<u>(7,323)</u>

#### 48.5 Equity price risks

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

### 49. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is currently financing majority of its operations through equity.

### 50. 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. Investment in subsidiary companies and associates are carried at cost. The carrying values of financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

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 considered not significantly different from their book value.



Fair value hierarchy

"The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- 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 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3)."

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
2018				
Assets				
• Available for sale investments	218,824	-	-	218,824
• Short-term investments	6,059,148	-	-	6,059,148
2017				
Assets				
• Available for sale investments	198,573	-	-	136,556
• Short-term investments	3,677,200	-	-	3,677,200

There were no transfers amongst levels during the year.

51. OPERATING SEGMENTS

51.1 Segment analysis

	2018				2017			
	Building Materials and Allied Products	Real estate management & others	Elimination	Total	Building Materials and Allied Products	Real estate management & others	Elimination	Total
	------(Rupees in '000)-----				------(Rupees in '000)-----			
Sales revenue	13,391,940	6,638,758	428,161	20,308,071	12,189,639	5,709,716	365,128	18,136,903
Segment result	2,837,290	763,754	1,086,838	4,687,882	2,932,623	702,390	-	4,622,395
Unallocated (expenses) / income:								
Administrative and distribution costs			(897,265)					(831,045)
Other charges			(271,159)					(360,575)
Other income			649,306					2,950,317
Operating profit			4,168,764					6,381,092
Finance cost			(10,206)					(9,348)
Share in profit of associates			941,177					871,024
Taxation			(1,547,656)					(1,740,022)
			3,552,079					5,502,746
Segment assets	3,865,650	4,640,069	11,853,482	18,689,820	2,871,906	3,058,008	11,164,195	15,720,987
Corporate assets				11,082,657				11,645,739
Unallocated assets			332,546	30,105,023				278,857
								27,645,583
Segment liabilities	1,356,499	922,805	1,675,156	2,898,162	1,223,003	637,997	617,035	2,478,035
Corporate liabilities			262,725					198,656
Unallocated liabilities			96,923	3,257,810				-
								2,676,691

The Engineering segment is engaged in the manufacturing of automotive parts.

The Building material and allied products segment includes jute, papersack and laminate operations.

The third segment includes the real estate management, trading and management services.

51.2 Geographical Information of customers  
Revenues from customers (Country wise)

	2018	2017
	----- (Rupees in '000) -----	
Pakistan	19,864,918	17,871,511
Afghanistan	5,764	23,103
UAE	128,233	35,835
Bangladesh	4,420	7,412
Uzbekistan	-	-
Italy	64,913	40,588
Iraq	-	-
Australia	25,945	16,447
Kuwait	3,018	48,281
Saudi Arabia	-	3,300
Malaysia	5,320	-
Spain	744	-
Switzerland	5,560	-
Turkey	9,020	-
Others	190,216	90,426
	20,308,071	18,136,903

The revenue information above is based on the location of customers.

51.3 Of the Group's total revenue, one customer accounts for more than 10%.

52. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 13, 2018 has approved the following:

- (i) transfer of Rs. 1,592 million from unappropriated profit to general reserve; and
- (ii) payment of cash dividend of Rs. 8.5 per share for the year ended June 30, 2018 for approval of the members at the Annual General Meeting to be held on October 22, 2018.

53. GENERAL

53.1 Total number of employees

Total number of Company's employees as at June, 30

Number of Factory Employees

Average number of Company's employees during the year

Average number of Factory employees during the year

2018	2017
4,831	4,283
4,333	3,977
4,691	4,050
4,310	3,520

53.2 Corresponding figures have been re-arranged and reclassified, wherever necessary. However, there were no significant reclassifications to report.

53.3 Figures have been rounded off to the nearest thousands.

54. DATE OF AUTHORISATION FOR ISSUE


These consolidated financial statements were authorized for issue on September 13, 2018 by the Board of Directors of the Holding Company.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR