CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,365,205	1,947,728
Intangible assets	9	94,193	17,521
Investment properties	10	6,422,476	6,702,921
Long-term investments	11	5,402,004	4,624,862
Long-term loans	12	3,996	9,048
Long-term deposits	13	23,188	21,433
Long-term prepayments	14	22,501	22,501
Deferred tax asset	15	139,796	191,145
		15,473,359	13,537,159
Current assets			
Stores, spares and loose tools	16	134,503	137,465
Stock-in-trade	17	5,788,036	4,047,147
Trade debts	18	2,431,440	1,593,086
Loans and advances	19	28,224	86,694
Trade deposits and short-term prepayments	20	331,515	151,110
Interest accrued		7,648	2,451
Other receivables	21	83,559	49,611
Short-term investments	22	7,549,725	9,069,237
Sales tax refundable		357,073	105,163
Cash and bank balances	23	1,068,600	1,325,900
		17,780,323	16,567,864
TOTAL ASSETS		33,253,682	30,105,023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 5/- each	24	1,000,000	1,000,000
Issued, subscribed and paid-up capital	24	405,150	405,150
Share deposit money		12	12
Reserves	25	22,568,368	19,957,969
Equity attributable to equity holders of the Holding Company		22,973,530	20,363,131
Non-controlling interest	26	6,596,482	6,484,082
Total equity		29,570,012	26,847,213
NON-CURRENT LIABILITIES			
Long term deposits	27	323,777	319,720
CURRENT LIABILITIES			
Trade and other payables	28	2,880,445	2,732,729
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Income tax - net	29	90,706	96,923
Short-term running finance	30	274,131	600
Advance rent		8,505	10,172
		3,359,893	2,938,090
CONTINGENCIES AND COMMITMENTS	31		
TOTAL EQUITY AND LIABILITIES		33,253,682	30,105,023

The annexed notes from 1 to 55 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, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Revenue - net	32	23,544,641	20,308,071
Cost of sales	33	(19,469,021)	(16,619,922)
Gross profit		4,075,620	3,688,149
Distribution and selling expenses	34	(295,684)	(225,757)
Administrative expenses	35	(1,265,361)	(1,279,721)
Other charges	36	(446,545)	(271,159)
		(2,007,590)	(1,776,637)
Other income	37	2,626,166	2,257,252
Operating profit		4,694,196	4,168,764
Finance costs	38	(24,842)	(10,206)
		4,669,354	4,158,558
Share of net profit of associates and joint venture - after tax	11.1	941,312	941,177
Profit before taxation		5,610,666	5,099,735
Taxation	39	(1,648,356)	(1,547,656)
Net profit for the year		3,962,310	3,552,079
Attributable to			
· Equity holders of the Holding Company		3,581,312	3,171,847
· Non-controlling interest		380,998	380,232
		3,962,310	3,552,079
		-------------(Rupees)-------------	
Basic and diluted earnings per share attributable to the equity holders of the Holding Company	40	44.20	39.14

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

CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE OFFICER DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	--------(Rupees in '000')--------	
Net profit for the year	3,962,310	3,552,079
Other comprehensive income		
Item that will not be reclassified to statement of profit or loss in subsequent periods;		
Share of actuarial gains / (loss) on remeasurement of defined benefit plans of associates - net of tax	(10,037)	20,383
(Loss)/gain on revaluation equity investments at fair value through other comprehensive income	(69,545)	20,251
	(79,582)	40,634
Total comprehensive income for the year	3,882,728	3,592,713
Attributable to		
· Equity holders of the Holding Company	3,501,730	3,212,481
· Non-controlling interest	380,998	380,232
	3,882,728	3,592,713

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

CHIEF FINANCIAL OFFICER CHIEF EXECUTIVE OFFICER DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Share deposit money	RESERVES Capital reserves	General reserve	Unappropriated profit	Gain on revaluation of investment at fair value through other comprehensive income	Non-controlling interest	Total equity
	---(Rupees in '000)---							
Balance as at June 30, 2017	405,150	12	67,929	11,207,374	7,027,888	143,928	6,116,611	24,968,892
Transfer to general reserve	-	-	-	2,366,000	(2,366,000)	-	-	-
Final dividend @ Rs. 16/- per share for the year ended June 30, 2017	-	-	-	-	(1,296,479)	-	-	(1,296,479)
1st Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	-	(202,576)	-	-	(202,576)
2nd Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	-	(202,576)	-	-	(202,576)
Subsidiary company								
Final dividend @ Rs. 0.304/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(41,303)	(41,303)
1st Interim dividend @ Rs. 0.500/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(68,014)	(68,014)
2nd Interim dividend @ Rs. 0.482/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(65,508)	(65,508)
3rd Interim dividend @ Rs. 0.463/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(62,936)	(62,936)
	-	-	-	-	(1,701,631)	-	(237,761)	(1,939,392)
Advance against issuance of shares	-	-	-	-	-	-	225,000	225,000
Net profit for the year	-	-	-	-	3,171,847	-	380,232	3,552,079
Other comprehensive income	-	-	-	-	20,383	20,251	-	40,634
Total comprehensive income for the year	-	-	-	-	3,192,230	20,251	380,232	3,592,713
Balance as at June 30, 2018	405,150	12	67,929	13,573,374	6,152,487	164,179	6,484,082	26,847,213
Transfer to general reserve	-	-	-	1,592,000	(1,592,000)	-	-	-
Final dividend @ Rs. 8.50/- per share for the year ended June 30, 2018	-	-	-	-	(688,755)	-	-	(688,755)
Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2019	-	-	-	-	(202,576)	-	-	(202,576)
Subsidiary company								
Final dividend @ Rs. 0.408/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(55,520)	(55,520)
1st interim dividend @ Rs. 0.502/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(68,257)	(68,257)
2nd interim dividend @ Rs. 0.517/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(70,342)	(70,342)
3rd interim dividend @ Rs. 0.548/- per share for the year ended June 30, 2019	-	-	-	-	-	-	(74,479)	(74,479)
	-	-	-	-	(891,331)	-	(268,598)	(1,159,929)
Net profit for the year	-	-	-	-	3,581,312	-	380,998	3,962,310
Other comprehensive loss	-	-	-	-	(10,037)	(69,545)	-	(79,582)
Total comprehensive income for the year	-	-	-	-	3,571,275	(69,545)	380,998	3,882,728
Balance as at June 30, 2019	405,150	12	67,929	15,165,374	7,240,431	94,634	6,596,482	29,570,012

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

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	1,784,743	2,713,987
Finance costs paid		(24,842)	(10,207)
Retirement benefits paid		(4,901)	(4,038)
Income tax paid		(1,603,224)	(1,420,932)
Long term loans		5,052	1,941
Long term deposit - net		2,302	(729)
Net cash generated from operating activities		159,130	1,280,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,949,868)	(1,106,646)
Proceeds from disposal of operating fixed assets		53,541	18,824
Dividends received		1,113,296	745,602
Interest received		350,842	384,496
Long-term investments made during the year		(593,529)	(774,150)
Short-term investments made during the year		1,527,572	(2,285,683)
Net cash generated from / (used in) investing activities		501,854	(3,017,557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,151,489)	(1,914,279)
Advance against issue of shares		-	225,000
Net cash used in financing activities		(1,151,489)	(1,689,279)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(490,505)	(3,426,814)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,114,694	7,541,508
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42	3,624,189	4,114,694

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

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE HOLDING COMPANY AND ITS OPERATIONS

1.1 Thal Limited (the Holding 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 2019 %	Holding 2018 %	Total assets 2019 (Rupees in '000s)	Total liabilities 2019 (Rupees in '000s)	Total assets 2018 (Rupees in '000s)	Total liabilities 2018 (Rupees in '000s)
Noble Computer Services (Private) Limited	1.2.1	01-07-2005	100	100	177,980	62,110	174,617	62,984
Pakistan Industrial Aids (Private) Limited	1.2.2	27-03-2006	100	100	32,511	1,183	31,563	1,768
Makro-Habib Pakistan Limited	1.2.3	01-05-2008	100	100	33,166	351,317	42,749	349,994
A-One Enterprises (Private) Limited	1.2.4	16-12-2011	100	100	932,977	12,314	879,865	17,278
Habib METRO Pakistan (Private) Limited	1.2.5	16-12-2011	60	60	10,196,925	682,075	9,942,822	645,757
Thal Boshoku Pakistan (Private) Limited	1.2.6	03-09-2013	55	55	1,441,813	409,380	1,084,467	65,430
Thal Power (Private) Limited	1.2.7	03-07-2014	100	100	879,178	859,239	760,944	782,887
Thal Electrical (Private) Limited	1.2.8	10-04-2019	100	-	100	-	-	-

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 principally engaged in trading activity related to automotive parts, accessories, chemical gases and general goods.

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 EPL) was incorporated in Pakistan on December 16, 2011 as a private limited company. The management is considering different strategic plans.

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:

Engineering operations are located at Korangi and Port Qasim, Karachi, Sindh.
The Jute operations are located at Muzaffargarh, Punjab.
Papersack operations are located at Hub, Balochistan and Gadoon, 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, Shara e 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.

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

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act

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

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for certain investments which have been disclosed in the accounting policies below.

3.2 These consolidated financial statements are presented in Pak Rupees which is also the Company'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 consolidated 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 & 6.28
· net realizable value estimation	6.7, 6.8, 16 & 17
· Allowance for expected credit loss	6.9, 6.28, 18 & 21
· provision for tax and deferred tax	6.13, 15, 29 & 39
· provision and warranty obligation	6.24 & 28.3
· contingencies	6.20 & 31
· compensated absences	6.23 & 28

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 New / Revised Standards, Interpretations and Amendments

The Group has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers
IAS 40 Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to IFRSs Issued by IASB in December 2016

IAS 28 – Investment in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss in an investment-by-investment choice.

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these consolidated financial statements except for IFRS 15 and IFRS 9. The impact of adoption of IFRS 15 and IFRS 9 are described below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

The Group generates its revenue from sale of goods and rendering of service contracts of internal audit services, information technology services, HR services, advisory services, business planning, merger and acquisition etc. The Group's contracts with customers for the sale of goods generally include one performance obligation (delivery of goods) and generally do not provide volume rebate to customers. The Group therefore, recognizes revenue from sale of goods at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Further, revenue from sevice contracts is recognised when services are rendered to the customer.

These revenue recognition methodologies are in line with the requirements of IFRS-15, therefore, the adoption of new standard has not resulted in any change in the revenue recognition policy of the Group.

IFRS 9 Financial Instruments

The Group has applied the IFRS 9 using the modified retrospective approach. On adoption of IFRS 9, the Group reassessed the classification of its investment portfolio and concluded as under.

(a) investment in equity instruments previously classified as available for sale (AFS), are now measured at fair value through other comprehensive income (FVTOCI);

(b) investment in term deposit receipts continue to be measured at amortised cost as they are held with the objectives to hold and collect all contractual cashflows;

(c) investment in mutual funds continue to be classified under the category fair value through profit or loss as allowed under IFRS 9; and

(d) financial assets other than those mentioned in point (a),(b) & (c), previously classified as loans and receivable are now measured at amortised cost.

Hence, the classification and measurement of financial assets is not impacted by the adoption of IFRS 9.

Further, the adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach.

Considering the nature of the financial assets, the Group has applied the standard's simplified approach and has calculated ECL based on life time ECL. However, it has not resulted in any additional material impact on these consolidated financial statements.

The financial asset subject to credit risk such as trade and other receivables are recoverable within the short period of time. Further, bank balances and other deposits accounts are held with A1+, A-1+ and A1 rated institutions. Accordingly the ECL impact on such assets is not material to these consolidated financial statements.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

The new accounting policy in respective of financial instrument and impairment of financial assets is stated in note 6.28 to these consolidated financial statements.

6.2 Property, plant and equipment

Operating fixed 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 statement of profit or loss applying the reducing balance method except for leasehold land which is amortised in equal installments over the lease period and computer equipment and jigs and fixtures which are depreciated / amortised on straight line method at the rates specified in note 8 to these consolidated financial statements. Depreciation / amortisation on additions is charged from the month asset is available for use and in case of deletion, up to the month preceding the month of disposal.

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

An item of operating assets 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 statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of operating fixed assets 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 consolidated financial statements.

6.4 Investment property

Investment property is stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the statement of profit or loss on reducing balance method at the rate specified in note 10 to these consolidated financial statements.

6.5 Impairment of Non-financial assets

The carrying amounts of the Group's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognized in the statement of profit or loss.

6.6 Investments in Associates and Joint Ventures

Associates

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 statement of profit or loss 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 statement of profit or loss.

Joint Venture

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 statement of financial position at cost plus post-acquisition changes in the share of net assets of the joint venture, less any impairment in value, if material. The statement of profit or loss reflects the investor's (Holding 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 Group, adjustments are made to conform the joint venture's policies to those of the Group, if the impact is considered material.

6.7 Stores, spares and loose tools

These are valued at lower of cost, determined using weighted average method, and net realisable value, less provision for obselete items (if any). Items in transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting date. Provision is made for items which are obsolete and slow moving and is determined based on management estimate regarding their future usability.

6.8 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of cost or Net Realisable Value (NRV) determined as follows:

Raw and packing materials

- Purchase cost on weighted moving average basis.

Work-in-process

- Cost of materials, labour cost and appropriate production overheads.

Finished goods

- Cost of materials, labour cost and appropriate production overheads.

Goods-in-transit are valued at cost comprising purchase price, freight value and other charges incurred thereon upto the reporting 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 as and when identified.

6.9 Trade debts and other receivables

These are recognized and carried at original invoice amount being the fair value and subsequently measured at amortised cost. Provision is made on the basis of lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

Exchange gains or losses arising in respect of trade debts and other receivables in foreign currency are added to their respective carrying amounts.

6.10 Loans, advances, deposits and short term prepayments

These are initially recognised at cost, which is the fair value of the consideration given. Subsequent to initial recognition, assessment is made at each statement of financial position date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

6.11 Ijarah rentals

Ijarah payments for assets under Ijarah (lease) agreements are recognised as an expense in the statement of profit or loss on a straight line basis over the Ijarah term.

6.12 Cash and cash equivalents

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.

6.13 Taxation

(a) Current

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, 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 29 to these consolidated financial statements.

(b) Deferred

Deferred tax is provided using the statement of financial position liability method, on all temporary differences at the statement of financial position 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 statement of financial position 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 statement of financial position 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 statement of financial position date.

6.14 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

6.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.16 Unclaimed dividend

Dividend declared and remain unpaid from the date it is due and payable.

6.17 Unpaid dividend

Dividend declared and remain unpaid for the period of 3 years from the date it is due and payable.

6.18 Trade and other payables

Liabilities for trade and other payable are carried at amortised 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.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

6.19 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

6.20 Contingent Liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measure with sufficient reliability.

6.21 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.

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

6.23 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.

6.24 Provisions

General

Provisions are recognised in the statement of financial position where the Group has a legal or constructive obligation as a result of past event,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 statement of financial position 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 statement of financial position 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.

6.25 Revenue recognition
During the year, the Group has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Group for revenue recognition. The changes are discussed in note 6.1 to these consolidated financial statements.

Revenue is recognised at amounts that reflect the consideration that the Group expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when control of goods have passed to the customer which coincide with the dispatch of goods to the customers. The normal credit period ranges between 30 to 75 days.

6.26 Other income
Other income is recognised to the extent it is probable that the economic benefits will flow to the Group and amount can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- 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 is accounted for on a accrual basis over the lease term.
- Gain on disposal is recognised at the time of disposal of operating fixed assets.
- Scrap sales are recognised on an accrual basis.

6.27 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 statement of profit or loss of the current period.

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

i) Financial assets
Initial recognition and measurement

Under IFRS 9 Financial assets are classified, at initial recognition , as subsequently measured at following:
(a) at amortised cost
(b) at fair value through other comprehensive income (FVTOCI); and
(c) at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

(a) At amortised cost
A financial asset is measured at amortised if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) At fair value through other comprehensive income
A debt instrument is measured at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-byinvestment basis. The Group has irrevocably elected to carry its quoted investments in equity instruments under this category.

(c) At fair value through profit and loss
Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

Susbequent Measurement
For purposes of subsequent measurement , financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at Fair value through OCI with recycling of cumulative gains and losses (debt instruments)
These assets are subsequently measured at fair value. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI with no recycling of cumulative gains and losses (equity instruments)
These assets are subsequently measured at fair value. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or
(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets
IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each reporting date, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

ii) Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Financial liabilities at amortized cost
After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amorized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

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

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

6.29 Operating segments
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive of the Group.

6.30 Research and development expenditure
Research expenditure is recognised as an expense when 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 when incurred.

6.31 Dividends and appropriation to reserves
The Group recognises a liability for dividend to equity holder when it is authorized as per corporate laws in Pakistan. The transfer of reserves within the equity are recognized when these are approved as per the applicable laws.

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 (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	01 July 2019
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)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Group is currently evaluating the impact of this standard on the consolidated financial statements of the Group.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. 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.

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

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

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

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

	Note	2019	2018
		--------(Rupees in '000')--------	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	3,224,658	1,534,660
Capital work-in-progress	8.5	140,547	413,068
		3,365,205	1,947,728

8.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT				WRITTEN DOWN VALUE
	As at July 01, 2018	Additions/ Transfers (Note 8.1.1)	Disposals/ write off*	As at June 30, 2019	Rate	As at July 01, 2018	Charge of the year (Note 8.1.2)	On disposals/ write off*	As at June 30, 2019	WDV As at June 30, 2019
	(Rupees in '000')				%	(Rupees in '000')				
Land										
- Freehold	23,641	-	650	22,991	-	-	-	-	-	22,991
- Leasehold	218,364	-	-	218,364	3-4	10,723	11,329	-	22,052	196,312
Building on freehold land										
- Factory building	372,714	648,043	19,028*	1,001,729	10	202,956	23,001	6,673*	219,284	782,445
- Non factory building	471,979	-	-	471,979	5-10	452,468	2,730	-	455,198	16,781
Railway sliding	792	-	-	792	5	726	4	-	730	62
Plant and machinery	2,071,179	1,039,548	1,592	3,109,135	10-30	1,180,333	198,270	1,414	1,377,189	1,731,946
Furniture and fittings	39,981	24,323	3,160	61,144	15-30	26,864	2,432	2,625	26,671	34,473
Vehicles	97,491	23,266	14,716	106,041	20-35	54,201	10,417	8,986	55,632	50,409
Office and mills equipment	163,333	31,531	590	194,274	10-30	71,581	18,007	429	89,159	101,114
Computer equipment	112,207	35,083	13,220	133,852	33.33	93,422	15,936	13,124	96,016	37,836
(note 8.1.3)		(218)					(218)			
Jigs and fixtures	297,382	235,005	-	532,387	33.33	241,129	44,969	-	286,098	246,289
(note 8.1.4)										
2019	3,869,063	2,036,799	33,928	5,852,687		2,334,403	327,095	26,578	2,628,029	3,224,658
		(218)	19,028*				(218)	6,673*		

	COST					ACCUMULATED DEPRECIATION / AMORTISATION / IMPAIRMENT				WRITTEN DOWN VALUE
	As at July 01, 2017	Additions/ Transfers (Note 8.1.1)	Disposals/ write off*	As at June 30, 2018	Rate	As at July 01, 2017	Charge of the year (Note 8.1.2)	On disposals/ write off*	As at June 30, 2018	WDV As at June 30, 2018
	(Rupees in '000')				%	(Rupees in '000')				
Land										
· Freehold	23,641	-	-	23,641	-	-	-	-	-	23,641
· Leasehold	47,085	171,279	-	218,364	3-4	9,480	1,243	-	10,723	207,641
Building on freehold land										
· Factory building	334,321	38,393	-	372,714	10	187,227	15,729	-	202,956	169,758
· Non factory building	471,979	-	-	471,979	5-10	449,433	3,035	-	452,468	19,511
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	15-30	24,439	2,442	17	26,864	13,117
Vehicles	106,400	3,036	11,945	97,491	20-35	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

8.1.1 Additions include transfers from capital work in progress amounting to Rs.1,173.976 million (2018: Rs. 567.283 million).

8.1.2 During the year, the management conducted an impairment test for its operating fixed asset. The recoverable amount determined is less than the carrying value of its assets, thereby resulting in an impairment loss of Rs 7.563 million (2018: Nil).

8.1.3 Represents transfer / (reclassification) of a fully depreciated license to intangible assets.

8.1.4 Jigs and fixtures include moulds having written down value of Rs. 197.750 million (2018: Nil) in the possession of sub-contractors dispersed all over the country.

8.2 Operating fixed assets include fully depreciated assets amounting to Rs. 265.417 million (2018: Rs. 725.279 million).

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

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	34	302,507	210,209
Distribution and selling expenses	35	2,053	1,986
Administrative expenses	36	14,974	21,412
		319,534	233,607

8.4 The following operating fixed assets were disposed off during the year having written down value in excess of Rs. 5 million:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	-----------------(Rupees in '000)-----------------						
2019							
Factory building	19,028	6,673	12,355	-	(12,355)	Asset written off	Not applicable

	Note	2019	2018
		--------(Rupees in '000')--------	
8.5 Capital Work-In-Progress			
Civil Works		41,258	325,184
Plant and machinery		84,362	40,118
Furniture and fittings		1,379	49
Vehicles		-	3,190
Office and mills equipment		3,391	1,349
Computer Equipment		7,082	5,881
Jigs and fixtures		3,075	37,297
		140,547	413,068

8.6 **Details of the Group's immovable fixed assets**

S. No.	Location	Land Area (square yards)	Building Covered Area (square feet)
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 Industral Area Karachi, Sindh.	51	229
4	DSU-14 sector II Downstream Industrail estate Bin Qasim, Karachi, Sindh.	24	32
5	Shop number 6, Clifton Pride, G -3/18, Clifton, Karachi, Sindh.	0.50	0.50
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.	19	40

9. INTANGIBLE ASSETS

	Note	COST: As at July 01, 2018	Transfers	Additions	Disposals	As at June 30, 2019	Rate %	ACCUMULATED AMORTIZATION: As at July 01, 2018	Transfers	Charge of the year	disposals	As at June 30, 2019	WRITTEN DOWN VALUE: As at June 30, 2019
		----(Rupees in '000')----					%	----(Rupees in '000')----					
Softwares		17,115	218	2,841	-	20,174	30 - 50	13,669	218	1,767	-	15,654	4,520
Licenses													
· Software		25,362	-	14,097	(305)	39,154	33.33	11,287	-	8,493	(79)	19,701	19,453
· Product	9.2	-	-	71,411	-	71,411		-	-	1,191	-	1,191	70,220
2019		42,477	218	88,349	(305)	130,739		24,956	218	11,451	(79)	36,546	94,193
2018		27,948	-	14,529	-	42,477		17,699	-	7,257	-	24,956	17,521

	Note	2019	2018
		--------(Rupees in '000')--------	
9.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	34	5,498	1,997
Distribution and selling expenses	35	459	29
Administrative expenses	36	5,494	5,231
		11,451	7,257

9.2 Represents product licenses and patent rights acquired from Yazaki Corporation and Denso Corporation during the year for a period of 5 years.

10. INVESTMENT PROPERTIES

	Note	2019	2018
Land and building	10.1	6,242,246	6,599,967
Capital work-in-progress - Civil works		180,230	102,954
		6,422,476	6,702,921

10.1 Land and building

	Note	COST As at July 01, 2018	COST Additions/ (disposal)	COST As at June 30, 2019	Rate %	ACCUMULATED DEPRECIATION / AMORTIZATION As at July 01, 2018	Charge for the year (disposal)	As at June 30, 2019	WRITTEN DOWN VALUE As at June 30, 2019
		(Rupees in '000)				(Rupees in '000)			
Freehold land		974,504	-	974,504	-	-	-	-	974,504
Leasehold land		1,657,588	-	1,657,588	3	392,452	48,669	441,121	1,216,467
Building on freehold land		1,928,469	553 (33,237)	1,895,785	10-30	522,200	95,647 (25,344)	592,503	1,303,282
Building on leasehold land		4,213,408	19,454 (27,570)	4,205,292	10-30	1,259,350	217,305 (19,356)	1,457,299	2,747,993
2019	10.1.1	8,773,969	20,007 (60,807)	8,733,169		2,174,002	361,621 (44,700)	2,490,923	6,242,246
2018		8,752,285	21,684	8,773,969		1,940,453	233,549	2,174,002	6,599,967

10.1.1 Investment property comprises of various properties accross Pakistan. 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, 2019 amounts to Rs. 14.121 million (2018: Rs. 14.115 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. The rental income from investment property is disclosed in Note 37 to these consolidated financial statements.

10.1.2 Details of the Group'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	2019 Holding %	2019 Rupees in '000	2018 Holding %	2018 Rupees in '000
Investment in associates - stated as per equity method	11.2 & 11.3				
Quoted associates					
Indus Motor Company Limited		6.22		6.22	
Opening balance			2,029,092		1,769,481
Share of profit - net of tax			853,259		895,430
Remeasurement loss of post employment benefit obligation - net of tax			(403)		(119)
Dividend received during the period			(647,925)		(635,700)
			2,234,023		2,029,092
[Market value Rs. 5,887.169 million (2018: Rs. 6,950.939 million)]					
Habib Insurance Company Limited		4.63		4.63	
Opening balance			64,704		39,394
Share of profit - net of tax			4,750		9,110
Share of actuarial (loss) / gains on remeasurement of defined benefit plan - net of tax			(9,634)		20,502
Dividend received during the period			(4,302)		(4,302)
			55,518		64,704
[Market value Rs. 51.676 million (2018: Rs.68.825 million)]					
Agriauto Industries Limited		7.35		7.35	
Opening balance			331,545		291,714
Share of profit - net of tax			72,716		64,160
Dividend received during the period			(24,329)		(24,329)
			379,932		331,545
[Market value Rs. 423.035 million (2018: Rs. 624.102 million)]					
Shabbir Tiles & Ceramics Limited		1.30		1.30	
Opening balance			23,884		22,747
Share of profit - net of tax			4,227		1,137
Dividend received during the period			(1,561)		-
			26,550		23,884
[Market value Rs. 32.121 million (2018: Rs. 65.740 million)]					
			2,696,023		2,449,225
Un-quoted associates					
Sindh Engro Coal Mining Company Limited (SECMC)	11.6	11.9			
Opening balance			1,398,011		-
Investment made during the year			562,608		-
Share of profit - net of tax			6,273		-
			1,966,892		-

	Note	2019 Holding %	2019 Rupees in '000	2018 Holding %	2018 Rupees in '000
Joint Ventures					
ThalNova Power Thar (Private) Limited (TNPTPL)	11.7	26		50	
Opening balance			558,802		312,462
Investment made during the year			30,921		275,000
Share of profit / (loss) - net of tax			87		(28,660)
			589,810		558,802
			2,556,702		558,802
TOTAL OF ASSOCIATES AND JOINT VENTURE			5,252,725		3,008,027
Other investments - at fair value through other comprehensive income					
Quoted - at fair value					
Habib Sugar Mills Limited			55,447		75,610
GlaxoSmithKline (Pakistan) Limited			160		278
GlaxoSmithKline Healthcare (Pakistan) Limited			97		203
Dynea Pakistan Limited			57,181		103,839
Allied Bank Limited			19,095		18,755
Habib Bank Limited			7,376		10,839
TPL Properties Limited			9,923		9,300
			149,279		218,824
Un-Quoted - at cost					
Sindh Engro Coal Mining Company Limited			-	11.90	1,398,011
TOTAL			5,402,004		4,624,862

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

	2019	2018
	--------(Rupees in '000)--------	
Associates		
Indus Motor Company Limited	853,259	895,430
Habib Insurance Company Limited	4,750	9,110
Agriauto Industries Limited	72,716	64,160
Shabbir Tiles and Ceramics Limited	4,227	1,137
Sindh Engro Coal Mining Company Limited	6,273	-
	941,225	969,837
Joint venture		
ThalNova Power Thar (Private) Limited	87	(28,660)
	941,312	941,177

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 same associates were not 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.

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

	2019			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
	----------------------------(Rupees in '000)----------------------------			
March 31, 2019				
Associates				
Indus Motor Company Limited	66,787,366	27,842,315	158,360,564	13,714,975
Agriauto Industries Limited	5,977,128	814,038	9,815,657	989,900
June 30, 2019				
Associates				
Habib Insurance Company Limited	3,343,692	1,988,776	585,377	102,586
Shabbir Tiles and Ceramics Limited	6,062,423	3,948,804	6,717,608	324,082
Sindh Engro Coal Mining Company Limited	79,923,693	62,490,516	-	52,713
Joint venture				
ThalNova Power Thar (Private) Limited	6,841,482	162,956	-	20,083

	2018			
	Total Assets	Total Liabilities	Revenues	Profit / (loss) after tax
March 31, 2018				
Associates				
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
June 30, 2018				
Joint venture				
ThalNova Power Thar (Private) Limited	1,295,001	177,396	-	(57,318)

	2019	2018
	--------(Rupees in '000)--------	
11.5 Share in contingent liabilities of associated companies	242,449	115,146
Share in commitments of associated companies	1,846,674	1,166,159

11.6 Represents investment in an associate established for the construction of coal mine. Atlhough the Holding Company has less than 20% equity interest in the associate, the management believes that it has significant influence due to the contractual agreement with the shareholders. The Holding Company undertook to invest USD 24.3 million in PKR equivalent and upto the statement of financial position date it has invested Rs. 1,960.619 million acquiring 132,295,445 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 6.81 million.

11.7 Represents 26% (2018: 50%) equity interest in ThalNova Power Thar (Private) Limited (TNPTL) comprising 61,842,100 shares (2018: shares 58,749,995) at Rs. 10/- each. TNPTL is developing a 330 MV coal based project.

During the year, TNPTL has executed Shareholder Agreement (SHA) with the Group and other new shareholders of TNPTL which resulted in dilution of the Group's shareholding from 50% to 26% in TNPTL. The Financial Close of TNPTL is expected no later than December 31, 2019 and Commercial Operation on or before March 31, 2021 as per the extended Financial Close deadline approved by Private Power Infrastructure Board.

12. LONG-TERM LOANS - secured, considered good

	Note	2019	2018
		--------(Rupees in '000)--------	
Employees			
Interest free loans		9,048	15,577
Current portion	19	(5,052)	(6,529)
	12.1	3,996	9,048

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. 11.655 million (2018: Rs. 13.189 million). During, the year an amount of Rs. 7.585 million was repaid to the Holding Company.

13. LONG-TERM DEPOSITS

	Note	2019	2018
		--------(Rupees in '000)--------	
Security deposits		12,790	11,066
Utilities		7,267	7,237
Others		3,131	3,130
	13.1	23,188	21,433

13.1 These deposits are interest free.

14. LONG TERM PREPAYMENT

Represents unamortised portion of advance rent paid to Army Welfare Trust for the lease of land.

15. DEFERRED TAX ASSET - net

	2019	2018
	--------(Rupees in '000)--------	
Deferred tax asset arising:		
In respect of provisions	400,799	291,985
Deferred tax liability arising:		
Due to investment in associates	(20,171)	-
Due to accelerated tax depreciation allowance	(240,832	(100,840)
	(261,003)	(100,840)
	139,796	191,145

	Note	2019	2018
		--------(Rupees in '000)--------	

16. STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
Stores			
- In hand		31,213	34,269
- In transit		-	4,030
		31,213	38,299
Spares		103,085	98,952
Loose tools		205	214
		134,503	137,465

17. STOCK-IN-TRADE

	Note	2019	2018
Raw material			
- In hand	17.1	4,367,020	2,645,618
- In transit		520,207	648,361
		4,887,227	3,293,979
Work-in-process		246,731	226,833
Finished goods			
- In hand		654,031	526,335
- In transit		47	-
		654,078	526,335
	17.2	5,788,036	4,047,147

17.1 Raw materials amounting to Rs. 6.422 million (2018: Rs. 8.342 million) are held with the sub-contractors.

17.2 Includes items amounting to Rs. 183.123 million (2018: Rs. 38.284 million) carried at net realisable value. [Cost Rs. 276.755 million (2018: Rs. 93.422 million)].

18. TRADE DEBTS - unsecured

	Note	2019	2018
Considered good	18.1 & 18.2	2,484,650	1,610,974
Allowance for expected credit losses	18.3	(53,210)	(17,888)
		2,431,440	1,593,086

18.1 This includes amount due from the following associates / related parties:

	2019	2018
Indus Motor Company Limited	686,745	526,107
Habib Metropolitan Bank Limited	-	2,015
Agriauto Industries Limited	307	538
Indus Lands (Pvt.) Ltd.	115	-
Shabbir Tiles and Ceramics Limited	18,330	23,076
	705,497	551,736

18.2 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 934.767 million (2018: Rs. 806.324 million)

18.3 Movement - Allowances for expected credit losses

	Note	2019	2018
Balance at the beginning of the year		17,888	16,124
Charge for the year	35	36,356	2,905
Bad debts written off		(1,034)	(1,141)
Balance at the end of the year		53,210	17,888

	Note	2019	2018
		--------(Rupees in '000)--------	

19. LOANS AND ADVANCES

	Note	2019	2018
Loans			
Considered good - secured			
Employees - interest free	19.1	-	20,000
Current portion of long-term loans to employees	12 & 19.2	5,052	6,529
		5,052	26,529
Advances - considered good - unsecured			
Suppliers		19,606	54,579
Employees		3,566	5,586
	19.3	23,172	60,165
		28,224	86,694

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. 12 million (2018: Rs. 20 million). During the year an amount of Rs 20 million was repaid to the Holding Company.

19.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 3.996 million (2018: Rs. 6.529 million). During the year, an amount of Rs. 2.533 million was repaid to the Holding Company.

19.3 These advances are interest free.

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
		--------(Rupees in '000)--------	
Trade deposits			
Tender / performance guarantee		23,690	78,710
Margin against letter of credit		255,525	2,227
Deposit against custom duty		7,182	7,182
Security deposits		4,380	-
Container deposits		6,977	24,065
	20.1	297,754	112,184
Short-term prepayments			
Rent		6,663	7,297
Insurance	20.2	13,804	14,662
Others		13,294	16,967
		33,761	38,926
		331,515	151,110

20.1 These deposits are interest free.

20.2 This includes prepayments amounting to Rs. 10.271 million (2018: 11.735 million) made to Habib Insurance Company Limited, a related party.

21. OTHER RECEIVABLES

	Note	2019	2018
		--------(Rupees in '000)--------	
Duty drawback		2,971	2,106
Insurance claims		-	7
Others	21.1	80,588	47,498
		83,559	49,611

21.1 This includes receivable from the following associates / related parties:

	2019	2018
Indus Motor Company Limited	3,746	17,286
Agriautos Industries Limited	1,464	4
Habib Metropolitan Bank Limited	1,452	10
Shabbir Tiles and Ceramics Limited	1,104	8,484
	7,766	25,784

21.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 24.468 million (2018: Rs. 31.272 million).

	Note	2019	2018
		--------(Rupees in '000)--------	

22. SHORT-TERM INVESTMENTS

	Note	2019	2018
At amortised cost			
Term Deposit Receipts	22.1 & 22.3	2,284,949	1,116,137
Accrued interest	18,725	-	12,102
		2,303,674	1,128,239
Treasury Bills	22.2 & 22.3	784,021	1,865,695
Accrued interest		4,618	16,155
		788,639	1,881,850
At fair value through profit or loss			
NAFA Government Securities Liquidity Fund		-	821,174
NAFA Money Market Fund		1,239,029	1,006,413
Alfalah GHP Income Fund		24,450	23,101
ALFALAH Money Market Fund		306,697	177,873
Atlas Money Markety Fund		209,454	162,934
UBL Liquidity Plus Fund		334,453	931,623
MCB Cash Optimizer Fund		205,648	479,201
HBL Cash Fund		868,912	1,248,634
HBL Money Market Fund		966	904
ABL Cash Fund		956,782	1,207,291
Al-Meezan Rozana Amdani Fund		61,021	-
Term Finance Certificates (TFCs)	22.4	250,000	-
		4,457,412	6,059,148
		7,549,725	9,069,237

22.1 These include deposits amounting to Rs. 10 million (2018: Rs. 579.843 million) with Habib Metropolitan Bank Limited, a related party These deposits carry interest rate ranging from 5.5% to 14% (2018: 4.35% to 6.5%) per annum and having maturity ranging from July 15, 2019 to October 10, 2019. Included in the above investment, Rs. 584.949 million (2018: Rs. 538.137 million) is under lien against a letter of guarantee issued by the banks on behalf of the Group.

22.2 These carry interest rate ranging from 11.00% to 12.64% (2018: 6.22% to 6.44%) per annum and having maturity latest by August 15, 2019

22.3 Includes short-term investments amounting to Rs. 2,832.441 million (2018: Rs. 2,789.394 million) having maturity up to three months.

22.4 These represent participation in private placement of TFCs carrying interest rate at the rate of 3 month KIBOR + 1.6% per annum. The issue of TFCs is expected by September 2019.

23. CASH AND BANK BALANCES

	Note	2019	2018
		--------(Rupees in '000)--------	
Cash in hand		626	2,399
Bank balances			
Current accounts	23.1	158,861	366,020
Deposit accounts	23.2	402,817	407,505
Saving accounts	23.3	506,296	549,976
		1,067,974	1,323,501
		1,068,600	1,325,900

23.1 These include an amount of Rs. 80.108 million (2018: Rs. 51.022 million) maintained with Habib Metropolitan Bank, a related party.

23.2 These include an amount of Rs. 607.046 million (2018: Rs. 421.220 million) maintained with Habib Metropolitan Bank, a related party, and carry markup at the rates ranging from 5% to 10.75% (2018: 4.25 % to 5.75%) per annum.

23.3 These include an amount of Rs. 52.266 million (2018: Rs. 345.164 million) maintained with Habib Metropolitan Bank, and carry markup at the rate of 10% to 10.25% (2018: 4.25%) per annum.

24. SHARE CAPITAL

24.1 Authorized Capital

The Holding Company has authorised capital of 200 million ordinary shares of Rs. 5/- each amounting to Rs. 1,000 million.

24.2 Issued, Subscribed and paid-up capital

2019	2018		2019	2018
Number of ordinary shares of Rs. 5/- each			------(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
11,239,669	11,239,669	Shares issued under the Scheme of Arrangements for Amalgamation	56,198	56,198
81,029,909	81,029,909		405,150	405,150

24.3. As at 30 June 2019, 7,026,267 (2018: 7,013,869).ordinary shares are held by related parties of the Holding Company.

24.4. Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

25. RESERVES

	Note	2019	2018
		--------(Rupees in '000)--------	
Capital reserves			
Reserve on merger of former Pakistan Jute and Synthetics Limited and former Thal Jute Mills Limited		13,240	13,240
Premium on issue of share capital		12,225	12,225
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited		42,464	42,464
		67,929	67,929
Revenue reserves			
General reserve		15,165,374	13,573,374
Unappropriated profit		7,240,431	6,152,487
		22,405,805	19,725,861
Gain on revaluation of equity investments held at fair value through OCI		94,634	164,179
		22,568,368	19,957,969

26. NON-CONTROLLING INTEREST

	2019	2018
Habib Metro Pakistan (Private) Limited	6,118,133	6,025,516
Thal Boshoku Pakistan (Private) Limited	478,349	458,566
	6,596,482	6,484,082

27. LONG TERM DEPOSITS

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

	Note	2019	2018
		--------(Rupees in '000)--------	
- Indus Motor Company Limited		3,820	3,820
- METRO Habib Cash and Carry Pakistan (Private) Limited		289,506	289,506
- Shabbir Tiles and Ceramics Limited		1,463	755
		294,789	294,081

28. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors	28.1	710,918	667,352
Accrued liabilities	28.2	1,079,417	1,211,091
Custom duty payable		75,644	51,176
Initial technical fee payable		71,411	-
Salaries payable		23,104	5,627
Warranty obligations	28.3	510,852	415,041
Royalty payable	28.4	115,804	91,999
Payable to provident fund		1,695	379
Payable to retirement benefit fund		8,533	7,117
Security deposits		2,383	1,745
Advance from customer (Contract liabilities)		9,104	21,674
Advance against sale of land		-	3,000
Other liabilities	28.5	271,580	256,528
		2,880,445	2,732,729

	Note	2019	2018
28.1 This includes amounts due to related parties:			
Habib Insurance Company Limited		851	4,752
Indus Motor Company Limited		3,009	1,538
Metro Habib Cash & Carry (Private) Limited		9,019	807
		12,879	7,097
28.2 This includes amounts due to the following related party:			
Habib Insurance Company Limited		108	4,370
28.3 Warranty obligations			
Balance at the beginning of the year		415,041	336,128
Charge for the year	34	110,634	93,099
Claims paid during the year		(502,571)	(14,186)
Balance at end of the year		23,104	415,041
28.4 Royalty payable			
Balance at the beginning of the year		91,999	156,722
Charge for the year	33	191,373	168,211
Paid during the year		227,480	(232,934)
Balance at the end of the year		510,852	91,999
28.5 Other liabilities			
Tax deducted at source		4,001	8,242
Employees Old-Age Benefits Institution (EOBI)		62,652	47,896
Workers' profit participation fund	28.6	6,140	1,063
Workers' welfare fund		175,548	168,672
Provision for severance cost		2,927	2,927
Others		20,312	27,728
		271,580	256,528

	Note	2019	2018
		--------(Rupees in '000)--------	
28.6 Workers' Profit Participation Fund (WPPF)			
Payable to WPPF at the beginning of the year		1,063	4,739
Interest on funds utilised in the Company's business		224	-
Allocation for the current year	36	(226,479)	(211,208)
		(225,192)	(206,469)
Paid during the year		231,332	207,532
Payable to WPPF at the end of the year		6,140	1,063

29. INCOME TAX - net

	Note	2019	2018
Group Tax Relief adjustments	29.1	632,681	593,466
Group Taxation adjustments	29.2	(15,645)	512
Income tax provision less tax payments – net	29.3	(707,742)	(690,901)
		(90,706)	(96,923)

29.1 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. 632.681 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.

In addition to the above, the Holding Company has decided to acquire tax losses incurred by Thal Boshoku Pakistan (Private) Limited (TBPK) during the year amounting to Rs. 39.215 million for set off against its tax liability. The amount of tax losses acquired are yet to be paid to the subsidiary company

29.2 In terms of the provision of Section 59AA of the Income Tax Ordinance, 2001 (the Ordinance), the 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 2019 has been adjusted against the taxable income of the Company which resulted in a reduction of tax liability of Rs. 2.966 million (2018: Rs. 5.653 million) for the current year. Moreover, the tax income transferred by A-One under group taxation opted by the subsidiary company amounted to Rs. 18.611 million (2018: Rs. 5.141 million).

29.3 Includes adjustment of tax challans acquired from MHPL and A-One Enterprises (Private) Limited amounting to Rs. 0.110 million (2018: Rs. 0.291 million) and Rs. 14.525 million (2018: Rs.2.651 million) respectively.

30. SHORT-TERM RUNNING FINANCE - Secured

	Note	2019	2018
		--------(Rupees in '000)--------	
Related party		-	600
Others		274,131	-
	30.1	274,131	600

30.1 Represents utilized portion of available limits of the running finance facilities amount to Rs. 2,793 million (2018: Rs. 2,498 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% (2018: 0.5% to 0.75%) per annum. The facilities are secured by way of joint pari passu charge by way of hypothecation over the Group's stock-in-trade, book debts and fixed assets. These facilities have maturity till 31 October 2021.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 The Group relief tax contingency is disclosed in note 29.1 to these consolidated financial statements.

31.1.2 Officer Inland Revenue ("OIR") initiated the proceedings for monitoring of withholding taxes of MHPL 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. MHPL 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.

MHPL 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 2017, 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 MHPL 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 consolidated financial statements.

31.1.3 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 MHPL in The 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 no action 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 has withdrawn the case during the current year.

	Note	2019	2018
		--------(Rupees in '000)--------	
31.2 Commitments			
31.2.1 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.		141,811	24,545
31.2.2 Letters of credit outstanding for raw material and spares.		684,297	1,723,577
31.1.3 Letter of guarantees issued by banks on behalf of the company in respect of financial commitments of the Group.		1,418,898	1,437,701
31.2.4 Commitments in respect of capital expenditure		1,049,042	7,515

	2019	2018
	--------(Rupees in '000)--------	
31.2.5 Commitments for rentals under Ijarah (Lease) agreements		
Within one year	22,573	16,084
Later one year but not later than five years	20,422	13,103
	42,995	29,187

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 42.995 million and are payable in monthly installments latest by June, 2022. These commitments are secured by on-demand promissory notes of Rs. 81.795 million.

31.2.6 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:

	2019	2018
	--------(Rupees in '000)--------	
Not later than one year	81,414	79,960
Later than one year but not later than five years	431,013	422,818
Later than five years	1,873,712	1,963,321
	2,386,139	2,466,099

31.2.7 Commitment in respect of investment is disclosed in note 11.5 to these consolidated financial statements.

32. REVENUE - net

	Note	2018	2017
		--------(Rupees in '000)--------	
Export sales	32.1	486,907	436,245
Local sales	32.2	26,700,426	22,672,399
		27,187,333	23,108,644
Less:			
Sales tax		3,861,997	3,025,707
Sales discount		1,116	2,602
		3,863,113	3,028,309
		23,324,220	20,080,335
Add:			
Service income		216,210	220,828
		23,540,430	20,301,163
Add:			
Duty drawback		4,211	6,908
		23,544,641	20,308,071

	2019	2018
	--------(Rupees in '000)--------	
32.1 Represents sales made to the following geographical regions:		
Australia	6,649	26,576
Chile	3,797	-
Egypt	180,047	11,922
Estonia	1,090	1,152
Italy	49,673	66,492
Jordan	8,778	-
Kuwait	1,468	2,998
Saudi Arabia	6,581	-
Spain	3,051	762
Turkey	37,998	9,239
United Arab Emirates	205,386	135,329
Afghanistan	-	5,967
Bangladesh	-	2,608
Malaysia	-	5,449
Oman	-	2,044
Switzerland	-	5,695
Turkmenistan	-	41,069
Others	3,225	133,775
	507,743	451,077

32.2 Export sales are stated net of export related freight and other expenses of Rs. 20.836 million (2018: Rs. 14.832 million).

32.3 Local sales are stated net of freight and other expenses of Rs. 113.353 million (2018: Rs. 103.982 million).

33. COST OF SALES

	Note	2019	2018
		--------(Rupees in '000)--------	
Raw material consumed	33.1	16,476,681	13,819,671
Salaries, wages and benefits		1,863,319	1,717,412
Stores and spares consumed		238,966	176,156
Repairs and maintenance		112,583	134,196
Power and fuel		225,478	273,930
Rent, rates and taxes		9,734	9,925
Vehicle running and maintenance		23,895	18,817
Insurance		13,771	10,612
Communication		12,954	12,274
Travelling and conveyance		22,335	18,726
Entertainment		3,695	3,296
Printing and stationery		11,885	9,382
Legal and professional		11,676	14,677
Computer accessories		11,683	9,447
Royalty	28.4	191,373	168,211
Depreciation / amortization	8.3	302,507	210,209
Amortization	9.1	5,498	1,997
Research and development		9,011	7,146
Ijarah rentals		9,099	10,858
Technical Assistance fee		4,286	114
Others		4,872	5,683
		19,565,300	16,632,739
Work-in-process			
Opening		226,833	156,863
Closing		(246,731)	(226,833)
		(19,898)	(69,970)
Cost of goods manufactured		19,545,402	16,562,769
Finished goods			
Opening stock		526,335	520,378
Purchases		51,362	63,110
Closing stock		(654,078)	(526,335)
		(76,381)	57,153
		19,469,021	16,619,922

	2019	2018
33.1 Raw material consumed		
Opening stock	2,645,618	1,926,121
Purchases	18,198,083	14,539,168
Closing stock	(4,367,020)	(2,645,618)
	16,476,681	13,819,671

			2019	2018
			--------(Rupees in '000)--------	

33.2 Royalty

Party Name	Registered Address	Relationship with Directors	2019	2018
Denso Corporation	448-8661 1-1, ShowaCho, Kariya-city, Aichi-Pref., Japan	None	96,037	82,991
Furukawa Automotive Systems	1000, Amago, Koura, Inukami, Shiga Pref, 522-0242, Japan	None	83,873	74,919
Toyota Boshoku Japan	88, kanayama, kamekubi-cho Toyotam Aichi, 470-0395 Japan.	Shareholder of a subsidiary company	11,463	10,301
			191,373	168,211

34. DISTRIBUTION AND SELLING EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		91,550	76,544
Vehicle running expense		4,962	3,869
Utilities		1,577	1,676
Insurance		3,265	1,989
Rent, rates and taxes		8,484	12,241
Communication		2,182	2,338
Advertisement and publicity		11,248	11,170
Travelling and conveyance		8,635	5,690
Entertainment		419	383
Printing and stationery		586	405
Legal and professional		20	251
Computer accessories		822	509
Research and development		94	190
Depreciation / amortization	8.3	2,053	1,986
Amortization	9.1	459	29
Provision for expected credit loss	18.3	36,356	2,905
Repairs and maintenance		2,630	1,697
Export expenses		6,008	5,216
Provision for warranty claims	28.4	110,634	93,099
Ijarah rentals		3,017	2,734
Others		683	836
		295,684	225,757

35. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		571,968	584,538
Vehicle running expense		14,771	13,679
Printing and stationery		4,704	5,684
Rent, rates and taxes		117,461	117,614
Utilities		79,542	27,319
Insurance		2,891	1,153
Entertainment		2,443	2,330
Subscription		2,030	2,678
Communication		4,608	5,663
Advertisement and publicity		2,976	6,242
Repairs and maintenance		33,719	52,500
Travelling and conveyance		20,347	24,094
Legal and professional		46,387	73,687
Computer accessories		7,016	5,138
Auditors' remuneration	35.1	6,767	6,747
Depreciation / amortization	8.3	14,974	21,412
Amortization	9.1	5,494	5,231
Depreciation on investment property	10.1	235,814	243,843
Ijarah rentals		10,280	9,471
Charity and donations	35.2	64,846	59,069
Directors' Fee & meeting expenses		2,585	1,990
General contracted services		1,228	3,941
Others		12,510	5,698
		1,265,361	1,279,721

35.1 Auditors' remuneration

	2019	2018
Audit fee	4,203	3,924
Half-yearly review	357	324
Taxation services	273	1,197
Other certifications	1,148	623
Out of pocket expenses	786	679
	6,767	6,747

35.2 Charity and donations

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

Name of donee	Address of donee	Name of directors/spouse	2019	2018
			--------(Rupees in '000)--------	
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	15,020	20,072
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	9,000	-
Habib Education Trust	4th floor, United Bank building, I.I. Chundrigar Road, Karachi.	Mr. Ali S. Habib - Trustee Mr. Mohamedali R. Habib - Trustee	10,000	12,536
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	7,500	5,000
Masoomen Hospital Trust	Atmaram Pritamdas Road, Moosa Lane Miranpir, Karachi.	Mr. Rafiq M. Habib - Trustee Mr. Ali S. Habib - Trustee	2,000	-
Anjuman -e- Behbood Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	32	34
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96

35.3 Charity and donations include the following donees to whom donations exceed 10% of total donation or 1 million whichever is higher other than already disclosed note 35.2 to these consolidated financial statements;

Name of donee	Name of directors/spouse	2019	2018
		--------(Rupees in '000)--------	
AURA (Al-Umeed Rehabilitation Association)	None	1,000	-
HELP	None	2,715	1,274
Indus Hospital	None	4,000	2,000
Northern Areas Eye Hospital	None	1,000	1,000
Patients Aids Foundation	None	1,000	-
Shaukat Khanum Memorial Cancer Hospital and Research Centre	None	1,500	-
Sindh Institute of Urology & Transplantation	None	1,000	500
Thar Foundation	None	2,000	2,000
The Citizens Foundation	None	4,714	6,608
The Cooperative Model Town Society	None	-	5,000
		18,929	18,382

	Note	2019	2018
		--------(Rupees in '000)--------	

36. OTHER CHARGES

	Note	2019	2018
Workers' Profits Participation Fund	28.6	231,627	208,057
Workers' Welfare Fund		60,662	59,952
Provision for impairment of investment property		125,807	-
Impairment loss on operating fixed assets		7,563	-
Operating fixed assets written off		12,355	-
Loss on disposal of investment property		8,531	3,150
		446,545	271,159

37. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Dividend income			
Dynea Pakiatan Limited		5,310	3,268
Habib Sugar Mills Limited		5,134	3,267
Allied Bank Limited		1,455	1,318
Habib Bank Limited		293	358
GlaxosmithKline Pakistan Limited		3	5
Dividend from mutual funds		428,949	16
		441,144	8,232
Interest on:			
Deposit accounts		75,499	50,773
Term deposit receipts		87,897	237,564
Government treasury bills		187,695	87,156
		351,091	375,493
Income from Term Finance Certificates (TFCs)		598	-
(Loss) / gain on revaluation / redemption of investments at fair value through profit or loss		(33,283)	201,473
Liabilities no longer payable written back		2,012	68
Exchange (loss) / gain - net		(6,861)	1,780
		754,701	587,046
Income from non financial assets			
Gain on disposal of operating fixed assets	8.4	38,432	10,933
Rental income from investment properties	37.1	1,730,413	1,452,812
Licence fee, signage and others		57,754	189,017
Sale of scrap		17,788	10,912
Claim from suppliers		21,556	6,525
Others		5,522	7
		1,871,465	1,670,206
		2,626,166	2,257,252

37.1 Includes an amount of Rs. 1,513 million (2018: Rs. 1,452 million) under long term agreements with Metro Habib Cash and Carry Pakistan (Private) Limited (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.

38. FINANCE COSTS

	2019	2018
	--------(Rupees in '000)--------	
Mark-up on short-term running finance:		
- Related party	648	182
- Others	13,750	39
	14,398	221
Workers' Profit Participation Fund	224	-
Bank charges and guarantee commission	10,220	9,985
	24,842	10,206

39. TAXATION

	Note	2019	2018
		--------(Rupees in '000)--------	
Current		1,487,871	1,395,672
Tax on inter corporate dividend - HMPL		60,435	53,496
Prior		48,700	102,082
Deferred		51,350	(3,594)
	39.1	1,648,356	1,547,656

39.1 Relationship between income tax expense and accounting profit

	2019	2018
Profit before taxation and share of profit of associates	4,669,354	4,158,558
Tax at the rate of 25% - 29% (2018: 25% - 30%)	1,353,256	1,247,277
Super tax @ 2% of taxable income	117,538	150,638
	1,470,794	1,397,915
Tax effects of:		
Income taxed at reduced rates	(11,081)	(18,620)
Income tax under Final tax regime	(197,276)	(185,401)
Tax effect of inadmissible items	390,641	303,329
Tax credits	(53,422)	(52,454)
Prior	48,700	102,887
	1,648,356	1,547,656

39.1.1 The Holding Company and its wholly owned subsidiaries, Makro-Habib Pakistan 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 Pakistan Limited, irrevocably opted to be taxed as one fiscal unit in the year 2016.

39.2 The Group has filed its return of income up to tax year 2018. These are deemed to be assessed in accordance with the requirements of Income Tax Ordinance, 2001.

40. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Holding Company which is based on:

	2019	2018
	--------(Rupees in '000)--------	
Net profit for the year attributable to the equity holders of the Holding Company	3,581,312	3,171,847
	Number of shares in thousands	
Weighted average number of ordinary shares of Rs. 5/- each in issue	81,030	81,030
	--------(Rupees)--------	
Basic and diluted earnings per share	44.20	39.14

41. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		--------(Rupees in '000)--------	
Profit before taxation		5,610,666	5,099,735
Adjustments for non-cash charges and other items:			
Depreciation and amortization		566,798	484,707
Impairment loss on operating fixed assets		7,563	-
Provision for impairment of investment property		125,807	-
Operating fixed assets written-off		12,355	-
Share of net profit of associates and joint venture - after tax		(941,312)	(941,177)
Finance costs		24,842	10,206
Interest income		(351,091)	(375,493)
Liabilities no longer payable written back		(2,012)	(68)
(Loss) / Gain on revaluation / redemption of investments at fair value through profit or loss		33,283	(201,489)
Dividend income		(441,144)	(8,216)
Provision for ECL		36,356	2,905
Provision for retirement benefits		4,901	4,967
Loss on sale of investment property		8,531	3,150
Gain on disposal of operating fixed assets		(38,432)	(10,933)
		(953,555)	(1,031,441)
		4,657,111	4,068,294
(Increase) / decrease in current assets			
Stores, spares and loose tools		2,962	(29,560)
Stock-in-trade		(1,740,889)	(1,054,814)
Trade debts		(874,710)	(501,128)
Loans and advances		58,470	(34,707)
Trade deposits and short-term prepayments		(180,405)	(62,047)
Other receivables		(33,948)	(97,130)
Sales tax refundable		(208,668)	(30,263)
		(2,977,188)	(1,809,649)
Increase / (decrease) in current liabilities			
Deferred income		(1,667)	3,146
Trade and other payables		149,728	460,274
Sales tax payable		(43,241)	(8,078)
		104,820	455,342
		1,784,743	2,713,987

42. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	23	1,068,600	1,325,900
Short-term investments	22	2,829,720	2,789,394
Short term running finance	30	(274,131)	(600)
		3,624,189	4,114,694

43. 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	2019	2018
		--------(Rupees in '000)--------	
Associates:	Sales	11,611,193	10,586,532
	Professional Services rendered	248,856	231,169
	Rental income on properties	1,513,206	1,452,812
	Professional Services acquired	-	1,250
	Insurance premium	35,667	40,084
	Purchase of assets	17,879	1,576
	Sale of assets	6,078	3,075
	Purchase of goods	5,135	65,238
	Insurance claim received	3,622	844
	Mark-up and bank charges paid	10,715	4,332
	Profit received	72,270	204,861
	Supplies purchased	496,053	522,977
	Licence fee, signage and others	32,724	38,015
	Rent Paid	3,693	1,623
	Rent Received	4,047	-
	Service Fee	20,410	736
	Ijarah Rentals	2,266	2,576
Employee benefit plans:	Contribution to provident fund	52,102	39,530
	Contribution to retirement benefit fund	7,361	4,967

43.1 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.

43.2 The receivable / payable balances with related parties as at June 30, 2019 are disclosed in the respective notes to these consolidated financial statements.

43.3 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	Agriauto Industries Limited	Common Directorship	7.35%	Professional services rendered / Rent paid
5	Metro Habib Cash and Carry Pakistan (Private) Limited	Associate of subsidiary	-	Purchase of assets / Supplies purchased
6	Habib Metropolitan Bank Limited	Common Directorship	-	Mark-up and bank charges paid / Profit received / Professional services rendered
7	Zehra Homes Trust	Trusteeship held by spouse of a director	-	Sale of goods
8	First Habib Modaraba	Subsidiary of an associate	-	Ijarah rentals
9	Thal Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
10	Thal Limited - Employees' Retirement Benefit Fund	Employees' fund	-	Contribution made
11	Makro-Habib Pakistan Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
12	Noble Computer Services (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
13	Habib Metro Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
14	Thal Boshoku Pakistan (Private) Limited - Employees' Provident Fund	Employees' fund	-	Contribution made
15	ThalNova Thar Power (Private) Limited	Joint Venuture	-	Investment made
16	Metro Cash & Carry International Holdings B.V.	Shareholder of subsidiary	-	Dividend paid
17	METRO Cash & Carry Pakistan (Private) Limited	Associate of subsidiary	-	Rental income
18	Indus Lands (Private) Limited	Common Directorship	-	Sale of fixed assets

43.4 Following are the associates of the Group with whom the Group 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: Associate of Shareholder Company

Aggregate percentage of shareholding: 25.36%

Nature of transactions: Supplies purchased

Operational status: Active

The name of Chief Executive is Mr. Shizuka Hayashi

Toyota Tsusho Corporation

Nature: Trading company

Registered Address: 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, 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: 1-1 Toyoda-cho, Kariya-shi, Aichi, 448-8651

Country of incorporation: Japan

Basis of association: Shareholder

Aggregate percentage of shareholding: 9.6%

Nature of transactions: Services acquired

Operational status: Active

The name of Chief Executive is Mr. Takeshi Numa

44. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2019			2018		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	----------(Rupees in '000)----------					
Managerial remuneration	16,320	-	543,539	20,257	-	512,325
Bonus	3,189	-	118,644	7,290	-	65,530
Group's contribution to provident fund	-	-	16,480	807	-	14,516
Group's contribution to retirement fund	-	-	2,879	-	-	4,676
Other perquisites	-	-	3,585	-	-	2,108
	19,509	-	685,127	28,354	-	599,155
Number of persons	1	7	70	1	6	64

44.1 The chief executive, directors and certain executives of the Holding Company are provided with free use of company maintained cars.

44.2 Four non-executive directors (2018: Five) have been paid fees of Rs. 2,585,000 (2018: Rs. 1,870,000) for attending board meetings.

44.3 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, Makro-Habib Pakistan Limited and Thal Electrical (Private) Limited are not being paid any remuneration for holding the office.

45. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
Annual Capacity		
Jute (Metric Tons)	33,800	33,800
Auto air conditioners (Units)	90,000	90,000
Paper bags (Nos. 000s)	251,000	251,000
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
Seats (Units)*	50,000	-
Actual Production		
Jute (Metric Tons)	22,898	26,748
Auto air conditioners (Units)	68,095	63,914
Wire harness (Units)	173,532	148,447
Paper bags (Nos. 000s)	123,545	117,243
Alternator (Units)	56,542	51,134
Starter (Units)	56,542	51,134
Seat tracks (Sets)	46,000	50,000
Side frame (Sets)	56,000	54,000
Air cleaner (Sets)	35,000	33,000
Seats (Units)	-	-
Reason for shortfall	Low demand	Low demand

* New production plant was set up during the year.

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

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

46. PROVIDENT FUND

Investments out of provident fund have been made in compliance with the provisions of section 218 of the Act and the rules formulated for this purpose.

47. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
		--------(Rupees in '000)--------	
47.1 Financial assets as per statement of financial position			
At amortised cost			
Long term loans	12	3,996	9,048
Long term deposits	13	23,188	21,433
Trade debts	18	2,431,440	1,593,086
Loans and advances	19	28,224	86,694
Trade deposits	18.1	297,754	112,184
Interest accrued		7,648	2,451
Other receivables	21	83,559	49,611
Short-term investments	22	3,092,313	3,010,089
Cash and bank balances	23	1,068,600	1,325,900
At fair value through OCI			
Long term investments	11	149,279	218,824
At fair value through profit and loss			
Short-term investments	22	4,457,412	6,059,148
47.2 Financial liabilities as per statement of financial position			
At amortised cost			
Long-term deposits	27	323,777	319,720
Trade and other payables	28	2,880,445	2,732,729
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	30	274,131	600

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:

	2019	2018
	--------(Rupees in '000)--------	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired [includes Rs. 695.487 million (2018: Rs. 538.935 million) receivable from related parties.]	1,602,843	1,258,948
Past due but not impaired		
- Less than 90 days [includes Rs. 9.935 million (2018: Rs. 12.680 million) receivable from related parties.]	703,717	295,860
- 91 to 180 days [includes Rs. 0.075 million (2018: 0.121 million) receivable from related parties.]	84,506	35,549
- 181 to 360 days [includes Nil (2018: Nil) receivable from related parties.]	40,340	2,699
- Greater than 360 days [includes Nil (2018: Nil) receivable from related parties.]	34	-
	2,431,440	1,593,056
Bank balances		
Ratings		
A1+	999,377	1,016,128
A-1+	67,255	132,183
A1 *	1,342	23
P-1 **	-	175,167
	1,067,974	1,323,501

* 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.

	2019	2018
Short term investments		
Ratings		
A1+	1,254,580	921,470
A-1+	1,299,094	2,088,619
AA(f)	3,748,567	4,557,799
AA	24,655	-
AA-(f)	24,450	821,174
AA+(f)	409,740	657,074
A+(f)	-	23,101
	6,761,086	6,980,618

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)	---	---
Year ended June 30, 2019					
Long term deposit	-	-	-	323,777	323,777
Trade and other payable	2,880,445	-	-	-	2,880,445
Short-term running finance	-	-	274,131	-	274,131
Unclaimed dividend	56,697	-	-	-	56,697
Unpaid dividend	49,409	-	-	-	49,409
	2,986,551	-	274,131	323,777	3,584,459
Year ended June 30, 2018					
Long term deposit	-	-	-	319,720	319,720
Trade and other payables	2,732,729	-	-	-	2,732,729
Short-term running finance	600	-	-	-	600
Unclaimed dividend	49,712	-	-	-	49,712
Unpaid dividend	47,954	-	-	-	47,954
	2,830,995	-	-	319,720	3,150,715

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:

	2019	2018
Trade receivables (USD)	481	52
Trade and other payables (USD)	164	2,127
Trade and other payables (EUR)	1,232	520
Trade and other payables (JPY)	43,927	1,057
Trade and other payables (CHF)	20	-
Total USD - receivable	317	-
Total USD - payable	-	2,075
Total JPY - payable	43,927	1,057
Total CHF - payable	20	-
Total EUR - payable	1,232	520
The following significant exchange rates have been applied at the reporting dates:		
USD	164.50	121.50
EUR	186.99	142
JPY	1.53	-
CHF	168.60	-

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 exchange rate %	Effect on profit or (loss) before tax	Effect on equity
		(Rupees in '000)	
2019	+ 10	(24,897)	(17,582)
	- 10	24,897	17,582
2018	+ 10	(32,681)	(22,996)
	- 10	32,681	22,996

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 consolidated 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
2019		
KIBOR	+ 100	29,199
KIBOR	- 100	(29,199)
2018		
KIBOR	+ 100	7,323
KIBOR	- 100	(7,323)

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.

As at the statement of financial position date, the exposure to listed equity securities at fair value was Rs. 149.27 million. A decrease of 10% in the share price of these securities would have an impact of approximately Rs. 14.92 million on the equity or income depending whether or not the decline is significant and prolonged. An increase of 10% in the share price of the listed security would impact equity with the similar amount.

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 its operations through equity and short term running finance.

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 statement of financial position date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from their book value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels 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
2019	(Rupees in '000)			
Assets				
· Equity Investments at fair value through OCI	149,279	-	-	149,279
· Short-term investments	4,457,412	-	-	4,457,412

	Level 1	Level 2	Level 3	Total
2018	(Rupees in '000)			
· Equity Investments at fair value through OCI	218,824	-	-	218,824
· Short-term investments	6,059,148	-	-	6,059,148

There were no transfers amongst levels during the year.

51. OPERATING SEGMENTS

51.1 Segment analysis

	2019					2018				
	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total	Engineering	Building Materials and Allied Products	Real estate management & others	Elimination	Total
	(Rupees in '000)					(Rupees in '000)				
Sales revenue	15,883,813	7,392,097	447,889	(179,158)	23,544,641	13,391,940	6,638,758	428,161	(150,788)	20,308,071
Segment result	3,059,281	924,518	1,148,099	(1,283)	5,130,615	2,837,290	763,754	1,086,838	(2,280)	4,685,602
Unallocated (expenses) / income:										
Administrative and distribution costs					(859,290)					(897,265)
Other charges					(446,545)					(271,159)
Other income					869,416					651,586
Operating profit					4,694,196					4,168,764
Finance cost					(24,842)					(10,206)
Share of net profit of associates and joint ventures					941,312					941,177
Taxation					(1,648,356)					(1,547,656)
					3,962,310					3,552,079
Segment assets	6,405,631	6,177,097	12,244,597	(1,527,984)	23,299,341	3,925,212	4,619,474	11,850,753	(1,669,381)	18,726,058
Corporate assets					9,457,472					11,082,657
Unallocated assets					496,869					296,308
					33,253,682					30,105,023
Segment liabilities	1,892,581	816,622	1,762,190	(1,169,776)	3,301,617	1,355,744	925,805	1,675,156	(1,059,298)	2,897,407
Corporate liabilities					233,187					211,389
Unallocated liabilities					148,866					131,424
					3,683,670					20,308,071

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)

	2019	2018
	--------(Rupees in '000)--------	
Pakistan	23,053,523	19,864,918
Australia	6,431	26,109
Chile	3,673	-
Egypt	174,152	11,713
Estonia	1,054	1,132
Italy	48,047	65,324
Jordan	8,491	-
Kuwait	1,420	2,945
Saudi Arabia	6,366	-
Spain	2,951	749
Turkey	36,754	9,077
United Arab Emirates	198,661	132,952
Afghanistan	-	5,862
Bangladesh	-	2,562
Malaysia	-	5,353
Oman	-	2,008
Switzerland	-	5,595
Turkmenistan	-	40,348
Others	3,118	131,424
	23,544,641	20,308,071

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%.

51.4. All non current assets of the group as at June 30, 2019 (June 30, 2018) are located in Pakistan.

52. SUBSEQUENT EVENTS

The Board of Directors in its meeting held on September 20, 2019 has approved the following:

(i) transfer of Rs. 2,506.5 million from unappropriated profit to general reserve; and

(ii) payment of cash dividend of Rs. 5.50 per share for the year ended June 30, 2019 for approval of the members at the Annual General Meeting to be held on October 26, 2019.

53. NUMBER OF EMPLOYEES

53.1 Total number of employees

	2019	2018
Total number of employees as at June 30,	4,266	4,831
Average number of employees during the year	4,549	4,691

54. GENERAL

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

54.2 Figures have been rounded off to the nearest thousands.

55. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on September 20, 2019 by the Board of Directors of the Holding Company.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR