UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,187,780	1,410,212
Intangible assets	8	90,745	15,094
Investment property	9	995	1,002
Long-term investments	10	5,431,550	4,938,387
Long-term loans	11	861,282	788,428
Long-term deposits	12	14,861	13,396
Deferred tax asset	13	165,194	191,151
		8,752,407	7,357,670
Current assets			
Stores, spares and loose tools	14	124,710	131,572
Stock-in-trade	15	5,635,305	3,953,914
Trade debts	16	2,347,946	1,519,728
Loans and advances	17	21,860	72,696
Trade deposits and short-term prepayments	18	316,623	141,318
Interest accrued		3,699	2,088
Other receivables	19	71,168	35,611
Short-term investments	20	2,943,298	4,847,238
Income tax - net	21	93,918	62,828
Sales tax refundable		300,186	91,517
Cash and bank balances	22	611,509	701,283
		12,470,222	11,559,793
TOTAL ASSETS		21,222,629	18,917,463
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs.5/- each	23	1,000,000	1,000,000
Issued, subscribed and paid-up capital	23	405,150	405,150
Reserves	24	18,226,309	16,032,520
		18,631,459	16,437,670
NON-CURRENT LIABILITIES			
Long-term deposits	25	1,463	2,379
CURRENT LIABILITIES			
Trade and other payables	26	2,483,601	2,379,148
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	27	-	600
		2,589,707	2,477,414
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		21,222,629	18,917,463

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Revenue - net	29	22,374,364	19,292,959
Cost of sales	30	(18,217,120)	(15,631,677)
Gross profit		4,157,244	3,661,282
Distribution and selling expenses	31	(288,353)	(219,219)
Administrative expenses	32	(753,584)	(814,266)
Other charges	33	(291,994)	(261,582)
		(1,333,931)	(1,295,067)
Other income	34	1,521,134	1,446,166
Operating profit		4,344,447	3,812,381
Finance costs	35	(9,805)	(8,869)
Profit before taxation		4,334,642	3,803,512
Taxation	36	(1,179,977)	(1,117,542)
Net profit for the year		3,154,665	2,685,970
		------ (Rupees) -----	
Basic and diluted earnings per share	37	38.93	33.15

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		--------(Rupees in '000')--------	
Net profit for the year		3,154,665	2,685,970
Other comprehensive income			
Item that will not be reclassified to statement of profit or loss in subsequent periods;			
(Loss)/gain on revaluation equity instrument at fair value through other comprehensive income	10	(69,545)	20,251
Total comprehensive income for the year		3,085,120	2,706,221

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	RESERVES Capital reserves	General reserves	Unappropriated profit	Gain on revaluation of investment at fair value through other comprehensive income	Total equity
	----------	----------	----------(Rupees in '000')	----------	----------	----------
Balance as at June 30, 2017	405,150	55,704	11,165,499	3,662,802	143,925	15,433,080
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)
First Interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	(202,576)	-	(202,576)
Second interim dividend @ Rs. 2.50/- per share for the year ended June 30, 2018	-	-	-	(202,576)	-	(202,576)
	-	-	-	(1,701,631)	-	(1,701,631)
Net Profit for the year	-	-	-	2,685,970	-	2,685,970
Other comprehensive income	-	-	-	-	20,251	20,251
Total comprehensive income for the year	-	-	-	2,685,970	20,251	2,706,221
Balance as at June 30, 2018	405,150	55,704	13,531,499	2,281,141	164,176	16,437,670
Transfer to general reserve	-	-	1,592,000	(1,592,000)	-	-
Final dividend @ Rs. 8.5/- 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)
	-	-	-	(891,331)	-	(891,331)
Net Profit for the year	-	-	-	3,154,665	-	3,154,665
Other comprehensive loss	-	-	-	-	(69,545)	(69,545)
Total comprehensive income for the year	-	-	-	3,154,665	(69,545)	3,085,120
Balance as at June 30, 2019	405,150	55,704	15,123,499	2,952,475	94,631	18,631,459

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

UNCONSOLIDATED 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	38	395,769	1,424,992
Finance costs paid		(9,805)	(8,870)
Retirement benefits paid		(4,901)	(4,038)
Income tax paid		(1,185,110)	(1,112,610)
Long-term loans		3,996	2,997
Long-term deposits - net		(2,381)	1,323
Net cash (used in) / generated from operating activities		(802,432)	303,794
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,129,061)	(599,751)
Proceeds from disposal of operating fixed assets		42,938	14,149
Long-term investments made during the year		(562,708)	(774,150)
Short-term investments - net		2,263,083	(1,854,877)
Long-term loans to subsidiaries - net		(76,850)	(380,000)
Dividends received during the year		1,333,170	1,102,243
Interest received during the year		129,815	236,857
Net cash generated / (used in) from investing activities		2,000,387	(2,255,529)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(882,891)	(1,676,518)
Net cash used in financing activities		(882,891)	(1,676,518)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		315,064	(3,628,253)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,342,144	4,970,397
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	39	1,657,208	1,342,144

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

CHIEF FINANCIAL OFFICER   CHIEF EXECUTIVE OFFICER   DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Company is engaged in the manufacture of engineering goods, jute goods, papersack and laminate sheets.

1.2 Geographical location and address of business units

Head Office
The registered office of the 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.

1.3 These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated 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 unconsolidated 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 unconsolidated financial statements are presented in Pak Rupees which is also the Company's functional currency.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's unconsolidated 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 unconsolidated financial statements:

		Notes
·	determining the residual values, useful lives and impairment of property, plant and equipment and investment property	5.2, 5.4, 7 & 9
-	determining the residual values, useful lives and impairment of intangibles assets	5.3 & 8
-	impairment of financial and non-financial assets	5.5 & 5.27
-	net realizable value estimation	5.6, 5.7, 14 & 15
-	Allowance for expected credit loss	5.8, 5.27,16 & 19
-	provision for tax and deferred tax	5.12, 13, 21 & 36
-	provision and warranty obligation	5.23 & 26.3
-	contingencies	5.19 & 28
-	compensated absences	5.22 & 26

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New / Revised Standards, Interpretations and Amendments

The Company 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 unconsolidated 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 Company generates its revenue from sale of goods. The Company'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 Company 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. This revenue recognition methodology is 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 Company.

IFRS 9 Financial Instruments

The Company has applied the IFRS 9 using the modified retrospective approach. On adoption of IFRS 9, the Company 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 Company'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 Comapny 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 unconsolidated 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 unconsolidated financial statements.

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

The new accounting policy in respective of financial instrument and impairment of financial assets is stated in note 5.27 to these unconsolidated financial statements.

5.2 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 7 to these unconsolidated 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 fixed 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.

5.3 Intangibles
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 Company and the same is amortized applying the straight line method at the rates stated in note 8 to these unconsolidated financial statements.

5.4 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 9 to these unconsolidated financial statements.

5.5 Impairment of Non-financial assets
The carrying amounts of the Company'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.

5.6 Stores, spares and loose tools
These are valued at lower of cost, determined using weighted average method, and Net Realisable Value (NRV), 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.

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

Raw and packing materials
- Purchase cost on weighted 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.

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 Taxation
(a) Current
The charge for current taxation in respect of certain income streams of the Company 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 Company had also availed Group tax relief under the provisions of Section 59AA and 59B of the Income Tax Ordinance, 2001 as explained in note 21 to these unconsolidated 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.

5.13 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.

5.14 Earnings per share
The Company 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 Company 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.

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

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

5.17 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 Company.

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

5.18 Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

5.19 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 Company; 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.

5.20 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.

5.21 Staff retirement benefits
Defined contribution plan

Provident fund
The Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the fund by the Company and the employees in accordance with the rules of the scheme. The Company has no further obligation once the contributions have been paid. The contributions made by the Company are recognised as employee benefit expense when they are due.

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

5.22 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.

5.23 Provisions
General
Provisions are recognised in the statement of financial position where the Company 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 Company 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.

5.24 Revenue recognition
During the year, the Company has adopted IFRS 15 which became applicable on July 01, 2018. This has resulted in change in accounting policies of the Company for revenue recognition. The changes are discussed in note 5.1 to these unconsolidated financial statements.

Revenue is recognised at amounts that reflect the consideration that the Company 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.

5.25 Other income
Other income is recognised to the extent it is probable that the economic benefits will flow to the Company 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 arising from investment property is accounted for on a straight-line 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.

5.26 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.

5.27 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 cost 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 Company 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 company 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) 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 Company 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 Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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 Company 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 Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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

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.

5.28 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.

5.29 Dividends and appropriation to reserves

The Company 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.

6. 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 Company's unconsolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of this standard on the unconsolidated financial statements of the Company.

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 Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated 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 unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		--------(Rupees in '000')--------	
Operating fixed assets	7.1	2,047,233	1,218,787
Capital work-in-progress	7.5	140,547	191,425
		2,187,780	1,410,212

7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION / AMORTIZATION					WRITTEN DOWN VALUE
	As at July 01, 2018	Additions/ (Transfers) (Note 7.1.1)	Disposals	As at June 30, 2019	Rate	As at July 01, 2018	Charge for the year	On Disposals/ (Transfers)	As at June 30, 2019	As at June 30, 2019
	(Rupees in '000')				%	(Rupees in '000')				
Land										
· Freehold	5,012	-	(650)	4,362	-	-	-	-	-	4,362
· Leasehold	21,829	-	-	21,829	3	5,672	496	-	6,168	15,661
Building on freehold land										
· Factory building	353,686	271,904	-	625,590	10	197,285	18,865	-	216,150	409,440
· Non factory building	62,486	-	-	62,486	5-10	35,190	2,730	-	37,920	24,566
Railway sliding	792	-	-	792	5	726	4	-	730	62
Plant and machinery	1,817,118	632,603	(891)	2,448,830	10-30	973,927	173,433	(714)	1,146,646	1,302,184
Furniture and fittings	31,935	646	(3,075)	29,506	15-20	20,896	1,756	(2,544)	20,108	9,398
Vehicles	56,921	5,448	(6,799)	55,570	20	38,325	3,942	(3,787)	38,480	17,090
Office and mills equipment	139,964	17,971	(476)	157,459	10-30	58,885	14,773	(325)	73,333	84,126
Computer equipment	91,381	22,895	(12,738)	101,320	33.33	75,989	11,857	(12,244)	75,384	25,936
(note 7.1.2)		(218)						(218)		
Jigs and fixtures	247,963	142,362	-	390,325	33.33	203,405	32,512	-	235,917	154,408
2019	2,829,087	1,093,829	(24,629)	3,898,069		1,610,300	260,368	(19,614)	1,850,836	2,047,233
		(218)						(218)		

	COST				ACCUMULATED DEPRECIATION / AMORTIZATION					WRITTEN DOWN VALUE
	As at July 01, 2017	Additions (Note 7.1.1)	Disposals	As at June 30, 2018	Rate	As at July 01, 2017	Charge for the year	On disposals	As at June 30, 2018	As at June 30, 2018
	(Rupees in '000')				%	(Rupees in '000')				
Land										
· Freehold	5,012	-	-	5,012	-	-	-	-	-	5,012
· Leasehold	21,829	-	-	21,829	3	5,173	499	-	5,672	16,157
Building on freehold land										
· Factory building	315,293	38,393	-	353,686	10	183,040	14,245	-	197,285	156,401
· Non factory building	62,486	-	-	62,486	5-10	32,155	3,035	-	35,190	27,296
Railway sliding	792	-	-	792	5	723	3	-	726	66
Plant and machinery	1,441,633	377,363	(1,878)	1,817,118	10-30	863,441	111,990	(1,504)	973,927	843,191
Furniture and fittings	30,609	1,326	-	31,935	15-20	18,881	2,015	-	20,896	11,039
Vehicles	64,230	2,828	(10,137)	56,921	20	40,086	4,572	(6,333)	38,325	18,596
Office and mills equipment	98,946	41,769	(751)	139,964	10-30	48,607	10,664	(386)	58,885	81,079
Computer equipment	85,151	7,285	(1,055)	91,381	33.33	63,957	12,826	(794)	75,989	15,392
Jigs and fixtures	230,536	17,427	-	247,963	33.33	171,613	31,792	-	203,405	44,558
2018	2,356,517	486,391	(13,821)	2,829,087		1,427,676	191,641	(9,017)	1,610,300	1,218,787

7.1.1 Additions include transfers from capital work-in-progress amounting to Rs. 943.990 million (2018: Rs. 345.640 million).

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

7.1.3 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.

7.2 Operating fixed assets include fully depreciated assets amounting to Rs. 259.724 million (2018: Rs. 221.856 million).

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

	Note	2019	2018
		(Rupees in '000')	
Cost of sales	30	250,902	179,633
Distribution and selling expenses	31	2,032	1,959
Administrative expenses	32	7,434	10,049
		260,368	191,641

7.4 There were no disposals of operating fixed assets having written down value in excess of Rs. 5 million.

7.5 Capital Work-In-Progress

	Note	2019	2018
		(Rupees in '000')	
Civil Works		41,258	124,661
Plant and machinery		84,362	18,998
Office and mills equipment		3,391	1,349
Furniture and fittings		1,379	49
Vehicles		-	3,190
Computer equipment		7,082	5,881
Jigs and fixtures		3,075	37,297
		140,547	191,425

7.6 Details of the Company's immovable fixed assets

S. No.	Locations	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 # 35, 36, 37, 38, 39, 39A, 40, 40A, 41, 42, 69, 69A, 70 and 71, Zila Moza Pathra, Hub, Balochistan	92	211
7	Plot C-49-58, Sector C, Hub Industrial Area. Hub, Balochistan	6	12
8	Plot # 38, Road # 3, Industrial Estate, Gadoon Amazai, Swabi, Khyber Pakhtunkhwa.	19	40

8. INTANGIBLE ASSETS

	Note	COST: As at July 01, 2018	Additions	Transfers (Note 7.1.2)	Disposals	As at June 30, 2019	Rate	ACCUMULATED AMORTIZATION: As at July 01, 2018	Charge for the year	Transfers (Note 7.1.2)	On disposals	As at June 30, 2019	WRITTEN DOWN VALUE: As at June 30, 2019
		(Rupees in '000')					%	(Rupees in '000')					
Softwares		9,163	1,500	218	-	10,881	20	7,557	1,014	218	-	8,789	2,092
Licenses													
- Software		22,937	13,237	-	(265)	35,909		9,449	8,070	-	(43)	17,476	18,433
- Product	8.2	-	71,411	-	-	71,411	20	-	1,191	-	-	1,191	70,220
2019		32,100	86,148	218	(265)	118,201		17,006	10,275	218	(43)	27,456	90,745
2018		19,835	12,265	-	-	19,835		10,047	6,959	-	-	10,047	9,788

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

	Note	2019	2018
		--------(Rupees in '000')--------	
Cost of sales	30	5,223	1,834
Distribution and selling expenses	31	325	18
Administrative expenses	32	4,727	5,107
		10,275	6,959

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

9. INVESTMENT PROPERTY

	COST	ACCUMULATED DEPRECIATION			Written down value as at June 30, 2019	Depreciation Rate %
	As at June 30, 2019	As at July 01, 2018	Charge for the year (Note 32)	As at June 30, 2019		
	------------------------------------(Rupees in '000')------------------------------------					
Freehold land	891	-	-	-	891	-
Building on freehold land	694	583	7	590	104	5
2019	1,585	583	7	590	995	
2018	1,585	576	7	583	1,002	

9.1 Investment property comprises of godown held at Multan. 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. 98.481 million (2018: Rs. 93.371 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 35 to these unconsolidated financial statements.

9.2 Details of the Company's immovable investment property

	Land Area (square yards)	Building Covered Area (square feet)
	--------------(in '000)--------------	
Industrial Property bearing khewat number 861, 862, 890, 895, 905, khatooni number 1086,1087,1116, 1121,1133, Mouza Taraf Ravi, Multan, Punjab.	5	20

10. LONG-TERM INVESTMENTS

Investments in related parties	Note	2019	2018	2019	2018
		Holding %		--------(Rupees in '000')--------	
Subsidiaries, unquoted – at cost					
Noble Computer Services (Private) Limited		100	100	1,086	1,086
Pakistan Industrial Aids (Private) Limited		100	100	10,000	10,000
Habib METRO Pakistan (Private) Limited (HMPL)		60	60	2,789,223	2,789,223
A-One Enterprises (Private) Limited (A-One)		100	100	61,395	61,395
Thal Power (Private) Limited		100	100	100	100
Thal Electrical (Private) Limited		100	100	100	-
Thal Boshoku Pakistan (Private) Limited		55	55	379,500	104,500
Advance against issuance of Shares of Thal Boshoku Pakistan (Private) Limited				-	275,000
Makro-Habib Pakistan Limited (MHPL)		100	100	223,885	223,885
Less: Provision for impairment				(223,885)	(223,885)
				-	-
				3,241,404	3,241,304
Associates – at cost	10.1				
Quoted					
Indus Motor Company Limited		6.22	6.22	48,900	48,900
Habib Insurance Company Limited		4.63	4.63	561	561
Agriauto Industries Limited		7.35	7.35	9,473	9,473
Shabbir Tiles & Ceramics Limited		1.30	1.30	21,314	21,314
				80,248	80,248
Unquoted					
Sindh Engro Coal Mining Company Limited (SECMC)	10.2	11.9%	11.9%	1,960,619	-
Sub-Total				2,040,867	80,248
Other investments					
Quoted - At fair value through OCI					
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 (SECMC)	10.2	11.9%	11.9%	-	1,398,011
TOTAL				5,431,550	4,938,387

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

10.2 Represents investment in an associate established for the construction of coal mine. Although the 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 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. LONG-TERM LOANS - considered good

	Note	2019	2018
		--------(Rupees in '000)--------	
Employee - secured			
Interest free	11.1	7,992	11,988
Current portion	17	(3,996)	(3,996)
		3,996	7,992
Wholly owned subsidiaries - unsecured			
Thal Power (Private) Limited	11.2 & 11.3	857,286	780,436
		861,282	788,428

11.1 The loan is secured against mortgage of property. The maximum aggregate amount due from employee at the end of any month during the year was Rs. 11.655 million (2018: Rs. 14.652 million). During the year amount of Rs. 3.996 million was repaid to the Company.

11.2 The maximum aggregate amount due from Thal (Power) Private Limited at the end of any month during the year was Rs. 857.286 million (2018: Rs. 780.436 million). During the year, an amount of Rs. 76.850 million was disbursed to Thal Power (Private) Limited.

11.3 Represents interest free loan given for purchase of shares of ThalNova Power Thar (Private) Limited (ThalNova). The loan is likely to be converted into Share Capital based on the progress achieved by ThalNova for its underlying project.

12. LONG-TERM DEPOSITS

	2019	2018
	--------(Rupees in '000)--------	
Security deposits	9,503	8,068
Utilities	4,867	4,837
Others	491	491
	14,861	13,396

12.1 These deposits are interest free.

13. DEFERRED TAX ASSET

	2019	2018
Deferred tax asset arising in respect of provisions	332,664	293,002
Deferred tax liability arising due to accelerated tax depreciation allowance	(167,470)	(101,851)
	165,194	191,151

14. STORES, SPARES AND LOOSE TOOLS

	2019	2018
Stores		
· In hand	27,766	32,477
· In transit	-	4,030
	27,766	36,507
Spares in hand	96,739	94,851
Loose tools	205	214
	124,710	131,572

15. STOCK-IN-TRADE

	Note	2019	2018
		--------(Rupees in '000)--------	
Raw material			
· In hand	15.1	4,260,842	2,586,886
· In transit		496,245	639,192
		4,757,087	3,226,078
Work-in-process		246,731	226,833
Finished goods		631,487	501,003
	15.2	5,635,305	3,953,914

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

15.2 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)].

16. TRADE DEBTS - unsecured

	Note	2019	2018
		--------(Rupees in '000)--------	
Considered good	16.1&16.2	2,399,686	1,536,012
Allowance for expected credit losses	16.3	(51,740)	(16,284)
		2,347,946	1,519,728

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

	2019	2018
Indus Motor Company Limited	660,235	508,551
Shabbir Tiles and Ceramics Limited	17,252	23,076
	677,487	531,627

16.2 The maximum aggregate amount due from the related parties at the end of any month during the year outstanding was Rs. 878.206 million (2018: Rs. 746.755 million).

	Note	2019	2018
		--------(Rupees in '000)--------	
16.3 Movement - Allowances for expected credit losses			
Balance at the beginning of the year		16,284	13,941
Charge for the year	31	35,456	2,787
Bad debts written off during the year		-	(444)
Balance at the end of the year		51,740	16,284

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

17. LOANS AND ADVANCES

	Note	2019	2018
Loans			
Considered good - secured			
Employees - interest free	17.1 & 17.2	-	20,000
Current portion of long term loans	11 & 17.2	3,996	3,996
		3,996	23,996
Considered doubtful - unsecured			
Makro-Habib Pakistan Limited (MHPL)	17.3	264,552	264,552
Provision for doubtful loan		(264,552)	(264,552)
		-	-
		3,996	23,996
Advances - considered good - unsecured			
Suppliers		17,106	43,240
Employees		615	5,460
Others		143	-
	17.4	17,864	48,700
		21,860	72,696

17.1 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. 12 million (2018: Rs. 20 million).

17.2 The maximum aggregate amount due from employees at the end of any month during the year was Rs. 3.996 million (2018: Rs. 3.996 million). During the year an amount of Rs. 20 million was repaid to the Company.

17.3 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 264.552 million (2018: Rs. 282.756 million).

17.4 These advances are interest free.

18. 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
Container deposits		6,977	24,065
	18.1	293,374	112,184
Short-term prepayments			
Insurance	18.2	11,665	14,023
Others		11,584	15,111
		23,249	29,134
		316,623	141,318

18.1 These deposits are interest free.

18.2 This includes prepayments amounting to Rs. 9.866 million (2018: 11.604 million) made to Habib Insurance Company Limited, a related party.

19. OTHER RECEIVABLES

	Note	2019	2018
		--------(Rupees in '000)--------	
Duty drawback		2,971	2,106
Insurance claims		-	7
Receivable from A-One Enterprises (Private) Limited under group taxation	21	4,089	4,625
Others	19.1	64,108	28,873
		71,168	35,611

19.1 This includes receivable from the following related parties which are neither past due nor impaired:

	2019	2018
Indus Motor Company Limited	21	-
Agriautos Industries Limited	14	4
Habib Metro Pakistan Private Limited	287	2,568
Noble Computer Services (Private) Limited	-	4,550
Thal Boshuko Pakistan (Private) Limited	405	583
	727	7,705

19.2 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 5.860 million (2018: Rs. 11.594 million).

20. SHORT-TERM INVESTMENTS

	Note	2019	2018
		--------(Rupees in '000)--------	
At amortised cost			
Term deposit receipts	20.1	1,045,699	346,737
Accrued interest		3,395	1,217
		1,049,094	347,954
Treasury bills	20.2	-	295,762
Accrued interest		-	3,683
		-	299,445
At fair value through statement of profit or loss			
Atlas Money Market Fund		101,310	54,897
UBL Liquidity Plus Fund		105,051	805,388
NAFA Money Market Fund		510,971	822,424
NAFA Government Securities Liquid Fund		-	301,426
ALFALAH Money Market Fund		204,092	177,873
MCB Cash Optimizer Fund		205,648	479,201
HBL Cash Fund		411,758	720,152
ABL Cash Fund		355,374	838,478
		1,894,204	4,199,839
		2,943,298	4,847,238

20.1 These include deposits amounting to Rs. Nil (2018: Rs. 1.081 million) with Habib Metropolitan Bank Limited, a related party and carry interest at the rate of: Nil (2018: 4.35% to 6.20%) per annum. Included in the above investment, Rs. 345.699 million (2018: Rs. 346.737 million) is under lien against a letter of guarantee issued by the banks on behalf of the Company. These balances carry maturity of up to three months.

20.2 These carry interest at the rate of Nil (2018: 6.22% to 6.24%) per annum.

21. INCOME TAX - net

	Note	2019	2018
		--------(Rupees in '000)--------	
Group Tax Relief adjustments	21.1	632,681	593,466
Group Taxation adjustments	21.2	(15,645)	512
Income tax provision less tax payments – net	21.3	(523,118)	(531,150)
		93,918	62,828

21.1 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 Company adjusted its tax liabilities for the tax years 2008 to 2010 by acquiring the losses of its subsidiary company and consequently an aggregate sum of Rs. 593.466 million equivalent to the tax value of the losses acquired has been paid to the subsidiary company.

The original assessments of the 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 Company under Section 59B of the Ordinance aggregating to Rs. 593.466 million. The 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 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 Company for the above tax years; the Tax department filed reference application / appeal against the order of ATIR before the High Court of Sindh and with the Chairman ATIR which are under the process of hearings.

In addition to the above, the 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.

21.2 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 Company amounted to Rs. 18.614 million (2018: Rs. 5.141 million).

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

22. CASH AND BANK BALANCES

	Note	2019	2018
		--------(Rupees in '000)--------	
Cash in hand		451	2,162
Bank balances			
Current accounts	22.1	158,076	198,062
Deposit accounts	22.2	452,982	501,059
		611,058	699,121
		611,509	701,283

22.1 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 70.062 million (2018: Rs. 50.887 million).

22.2 These include accounts maintained with Habib Metropolitan Bank Limited, a related party amounting to Rs. 204.229 million (2018: Rs. 323.154 million) and carry markup ranging from 5% to 10.75% (2018: 4.25% to 5.75%) per annum.

23. SHARE CAPITAL

23.1 Authorized Capital

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

23.2 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 Arrangement for Amalgamation	56,198	56,198
81,029,909	81,029,909		405,150	405,150

23.3 As at June 30, 2019, 7,026,267 (2018: 7,013,869) ordinary shares are held by related parties.

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

24. RESERVES

	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
Reserve on merger of former Pakistan Paper Sack Corporation Limited and former Khyber Papers (Private) Limited	42,464	42,464
	55,704	55,704
Revenue reserves		
General reserve	15,123,499	13,531,499
Unappropriated profit	2,952,475	2,281,141
	18,075,974	15,812,640
Gain on revaluation of investments held at fair value through OCI	94,631	164,176
	18,226,309	16,032,520

25. LONG-TERM DEPOSITS

25.1 Includes security deposits from Shabbir Tiles and Ceramics Limited, an associate, amounting to Rs. 0.708 million (2018: Rs. Nil) in respect of godown space provided.

26. TRADE AND OTHER PAYABLES

	Note	2019	2018
		--------(Rupees in '000)--------	
Creditors	26.1	655,368	633,970
Accrued liabilities	26.2	873,708	1,043,210
Custom duty payable		75,644	51,176
Payable to TBPK against group taxation	21.1	39,215	-
Payable to MHPL against group taxation	21	754	1,328
Salaries payable		9,506	5,627
Warranty obligations	26.3	487,116	395,825
Advances from customers (Contract liabilities)		8,084	20,654
Initial technical fee payable	8.2	71,411	-
Royalty payable	26.4	104,104	87,393
Security deposits		1,395	1,745
Payable to retirement benefit fund		7,901	7,117
Advance against sale of land		-	3,000
Other liabilities	26.5	149,395	128,103
		2,483,601	2,379,148

26.1 This includes amounts due to the following related parties:

Pakistan Industrial Aids (Private) Limited	-	109
Habib Insurance Company Limited	846	4,749
Indus Motor Company Limited	3,009	1,538
Noble Computer Services (Private) Limited	3,438	90
Metro Habib Cash and Carry Pakistan (Private) Limited	2,074	807
	9,367	7,293

26.2 This includes amounts due to the following related parties:

Noble Computer Services (Private) Limited	188	
Habib Insurance Company Limited	108	4,370
	296	4,370

26.3 Warranty obligations

	Note		
Balance at the beginning of the year		395,825	320,615
Charge for the year	31	106,113	89,396
Claims paid during the year		(14,822)	(14,186)
Balance at end of the year		487,116	395,825

26.4 Royalty payable

	Note		
Opening balance		87,393	150,102
Charge for the year	30	179,910	157,910
Paid during the year		(163,199)	(220,619)
Balance at the end of the year		104,104	87,393

26.5 Other liabilities

	Note		
Tax deducted at source		1,202	4,896
Employees Old-Age Benefits Institution (EOBI)		62,650	47,875
Workers' Profit Participation Fund	26.6	6,332	1,255
Workers' Welfare Fund		64,561	56,059
Others		14,650	18,018
		149,395	128,103

26.6 Workers' Profit Participation Fund (WPPF)

	Note	2019	2018
		--------(Rupees in '000)--------	
Payable / (receivable from) to WPPF at the beginning of the year		1,255	(382)
Interest on funds utilised in the Company's business	35	224	-
Allocation for the current year	33	231,332	203,255
		232,811	202,873
Paid during the year		(226,479)	(201,618)
Payable to WPPF at the end of the year		6,332	1,255

27. SHORT TERM RUNNING FINANCE - secured

Represents utilized portion of available limits of the running finance facilities amounting to Rs. 2,498 million (2018: Rs. 2,498 million). The facilities carry mark-up 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 against hypothecation of the Company's stock-in-trade and trade debts. These facilities have maturity till 31 October 2021.

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 There were no contingencies other than the tax contingency which is disclosed in note 21.1 to these unconsolidated financial statements.

28.2 Commitments

	2019	2018
	--------(Rupees in '000)--------	
28.2.1 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 SRO's.	141,811	24,545
28.2.2 Letters of credit outstanding for raw material and spares	616,156	1,708,273
28.2.3 Letter of guarantees issued by bank on behalf of the Company in respect of financial committments of the Company.	1,402,908	1,424,711
28.2.4 Commitments in respect of capital expenditure	1,049,042	7,515
28.2.5 Commitments for rentals under Ijarah (lease) agreements		
Within one year	21,642	16,084
After one year but not later than five years	20,344	13,103
	41,986	29,187

Represent Ijarah (lease) agreement entered into with a Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 41.986 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.

28.2.6 Commitment in respect of investment is disclosed in note 10.3 to these unconsolidated financial statements.

	Note	2019	2018
		--------(Rupees in '000)--------	
29. REVENUE - net			
Export sales	29.1 & 29.2	486,907	436,245
Local sales	29.3	25,583,127	21,740,788
		26,070,034	22,177,033
Less:			
Sales tax		3,698,765	2,888,380
Sales discount		1,116	2,602
		3,699,881	2,890,982
Add:			
Duty drawback		4,211	6,908
		22,374,364	19,292,959

29.1 Represents sales made to the following geographical regions:

	2019	2018
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

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

29.3 Local sales are stated net of freight and other expenses of Rs. 110.063 million (2018: Rs. 100.618 million).

	Note	2019	2018
		--------(Rupees in '000)--------	
30. COST OF SALES			
Raw material consumed	30.1	15,779,709	13,294,331
Salaries, wages and benefits		1,513,398	1,405,964
Stores and spares consumed		225,203	168,263
Repairs and maintenance		102,923	128,499
Power and fuel		216,418	267,232
Rent, rates and taxes		6,874	7,047
Vehicle running and maintenance		14,343	11,902
Insurance		11,918	8,998
Communication		6,366	6,246
Travelling and conveyance		14,158	11,504
Entertainment		634	697
Printing and stationery		8,576	7,711
Legal and professional		3,176	14,677
Computer accessories		7,764	6,599
Royalty	30.2	179,910	157,910
Depreciation / amortisation	7.3	250,902	179,633
Amortisation	8.1	5,223	1,834
Research and development		8,281	6,770
Ijarah rentals		8,176	9,365
Technical Assistance fee		1,286	114
Others		2,263	3,212
		18,367,502	15,698,508
Work-in-process			
Opening		226,833	156,863
Closing		(246,731)	(226,833)
		(19,898)	(69,970)
Cost of goods manufactured		18,347,604	15,628,538
Finished goods			
Opening		501,003	504,142
Closing		(631,487)	(501,003)
		(130,484)	3,139
		18,217,120	15,631,677

30.1 Raw material consumed	2019	2018
Opening stock	2,586,886	1,868,669
Purchases	17,453,665	14,012,548
Closing stock	(4,260,842)	(2,586,886)
	15,779,709	13,294,331

30.2 Royalty

Party Name	Registered Address	Relationship with Company or its 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
			179,910	157,910

31. DISTRIBUTION AND SELLING EXPENSES

	Note	2019	2018
		--------(Rupees in '000)--------	
Salaries and benefits		90,116	74,194
Vehicle running expense		4,951	3,859
Utilities		1,577	1,676
Insurance		3,202	1,927
Rent, rates and taxes		8,484	12,241
Communication		2,157	2,304
Advertisement and publicity		11,231	11,170
Travelling and conveyance		8,556	5,616
Entertainment		419	370
Printing and stationery		558	391
Legal and professional		20	251
Computer accessories		822	509
Research and development		94	190
Depreciation	7.3	2,032	1,959
Amortisation	8.1	325	18
Provision for expected credit loss	16.3	35,456	2,787
Repairs and maintenance		2,618	1,691
Export expenses		6,008	5,216
Allowance for warranty claims	26.3	106,113	89,396
Ijarah rentals		3,017	2,734
Others		597	720
		288,353	219,219

32. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries and benefits		420,916	465,277
Vehicle running expense		14,385	12,955
Printing and stationery		3,838	4,964
Rent, rates and taxes		19,746	25,322
Utilities		6,517	7,209
Insurance		2,015	371
Entertainment		1,226	1,351
Subscription		1,334	1,842
Communication		4,192	4,579
Advertisement and publicity		515	1,241
Repairs and maintenance		7,610	26,322
Travelling and conveyance		16,529	19,367
Legal and professional		160,528	157,860
Computer accessories		5,428	4,601
Auditors' remuneration	32.1	4,972	4,958
Depreciation / amortization	7.3	7,434	10,049
Depreciation on investment property	9	7	7
Amortisation	8.1	4,727	5,107
Ijarah rentals		10,280	9,471
Charity and donations	32.2 & 32.3	51,236	45,414
Directors' fee and meeting expenses		2,585	1,990
Others		7,564	4,009
		753,584	814,266

	Note	2019	2018
		--------(Rupees in '000)--------	
32.1 Auditors' remuneration			
Audit fee		2,590	2,345
Half-yearly review		357	324
Taxation services		273	1,197
Other certification		1,148	607
Out of pocket expenses		604	485
		4,972	4,958

32.2 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
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	14,930	12,820
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
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	5,000	-
Hussaini Heamotology & Oncology Trust	43-Rehmat Manzil, Bhurgari Road, Numaish, Karachi.	Mr. Mohamedali R. Habib - Trustee	96	96
Anjuman -e- Behbood-Samat -e- Itefal	ABSA School 26-C National Highway, Korangi Road, Karachi.	Mrs. Rafiq M. Habib - Vice President	32	34

32.3 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 32.2 to these unconsolidated financial statements;

Name of donee	Name of directors/spouse	2019	2018
		--------(Rupees in '000)--------	
HELP	None	2,715	1,274
Masoomen Hospital Trust	None	2,000	-
Northern Eye Hospital	None	1,000	1,000
Thar Foundation	None	2,000	2,000
The Citizens Foundation	None	2,672	3,000
The Indus Hospital	None	2,000	2,000
School of Leadsership	None	-	990
		12,387	10,264

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

33. OTHER CHARGES

	Note	2019	2018
Workers' profits participation fund	26.6	231,332	203,255
Workers' welfare fund		60,662	58,327
		291,994	261,582

34. OTHER INCOME

	Note	2019	2018
Income from financial assets			
Dividend income from:			
Related parties			
Indus Motor Company Limited.		647,925	635,700
Agriauto Industries Limited		24,329	24,329
Habib Insurance Company Limited		4,302	4,302
Shabbir Tiles and Ceramics Limited		1,561	-
Habib METRO Pakistan (Private) Limited		402,897	356,641
		1,081,014	1,020,972
Others			
Dynea Pakistan 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		239,961	-
		252,156	8,216
Interest on:			
Deposit accounts		46,037	33,196
Term deposit receipts		44,803	122,288
Government treasury bills		39,081	58,159
		129,921	213,643
(Loss) / gain on revaluation / redemption of investments at fair value through profit or loss		(43,591)	123,827
Liabilities no longer payable written back		1,332	68
Reversal of provision for impairment of loan - MHPL		-	18,204
Exchange (loss) / gain - net		(7,150)	1,780
		1,413,682	1,386,710
Income from non financial assets			
Gain on disposal of operating fixed assets and intangibles		37,740	9,345
Rental income		4,047	5,451
Service income	34.1	26,201	27,720
Scrap sales		17,134	10,408
Claim from suppliers		21,556	6,525
Insurance claim		15	7
Others		759	-
		107,452	59,456
		1,521,134	1,446,166

34.1 The Company has a service agreement with Thal Boshoku Pakistan (Private) Limited, a subsidiary company. As per the agreement, the Company provides service and support for production engineering, plant maintenance and engineering, imports, logistics & material handling, sales administration, HR and general administration and financial, corporate, legal and tax advisory.

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

35. FINANCE COSTS

	Note	2019	2018
Mark-up on Short-term running finance:			
· Related party		648	182
· Others		152	39
		800	221
Workers' profit participation fund	26.6	224	-
Bank charges and guarantee commission		8,781	8,648
		9,805	8,869

36. TAXATION

	Note	2019	2018
Current		1,116,699	1,029,836
Prior		37,320	92,215
		1,154,019	1,122,051
Deferred		25,958	(4,509)
	36.1	1,179,977	1,117,542

36.1 Relationship between income tax expense and accounting profit

	2019	2018
Profit before taxation	4,334,642	3,803,512
Tax at the rate of 29% (2018: 30%)	1,257,046	1,141,054
Super tax @ 2% (2018 : 2%) of taxable income	88,209	112,785
	1,345,255	1,253,839
Tax effects of:		
Income taxed at reduced rates	(10,491)	(12,896)
Income tax under Final tax regime	(200,585)	(187,583)
Tax effect of inadmissible items	61,900	24,421
Tax credits	(53,422)	(52,454)
Prior	37,320	92,215
	1,179,977	1,117,542

36.2 The Company 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.

37. BASIC AND DILUTED EARNINGS PER SHARE

	Note	2019	2018
		--------(Rupees in '000)--------	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Net profit for the year		3,154,665	2,685,970
		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		38.93	33.15

38. CASH GENERATED FROM OPERATIONS

	2019	2018
Profit before taxation	4,334,642	3,803,512
Adjustments for non-cash charges and other items:		
Depreciation and amortisation	270,650	198,607
Finance costs	9,805	8,869
Interest income	(129,921)	(213,643)
Liabilities no longer payable written back	(1,332)	(68)
loss / (Gain) on revaluation / redemption of investments at fair value through profit or loss	43,591	(123,827)
Dividend income	(1,333,170)	(1,029,188)
Provision for ECL	35,456	2,787
Provision for retirement benefits	4,901	4,967
Reversal of provision for impairment on loan to MHPL	-	(18,204)
Gain on disposal of operating fixed assets	(37,740)	(9,345)
	(1,137,760)	(1,179,045)
	3,196,882	2,624,467
(Increase) / decrease in current assets		
Stores, spares and loose tools	6,862	(30,112)
Stock-in-trade	(1,681,391)	(1,039,934)
Trade debts	(863,674)	(481,116)
Loans and advances	50,836	(9,792)
Trade deposits and short-term prepayments	(175,305)	(62,997)
Other receivables	(35,557)	(12,717)
Sales tax refundable	(208,669)	(30,263)
	(2,906,898)	(1,666,931)
Increase in current liabilities		
Trade and other payables	105,785	467,456
	395,769	1,424,992

39. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	22	611,509	701,283
Short-term investments	20	1,045,699	641,461
Short-term running finance	27	-	(600)
		1,657,208	1,342,144

40. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of subsidiaries, 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 41 and elsewhere in these unconsolidated financial statements, are as follows:

Relationship	Nature of transactions	2019	2018
		--------(Rupees in '000)--------	
Subsidiaries	Professional services acquired	164,107	142,050
	Purchase of assets	-	3,907
	Purchase of goods	1,072	7,852
	Sale of goods	-	318
	Supplies purchased	-	943
	Rent received	3,693	5,451
	Security Deposit paid	1,624	-
	Sale of assets	1,343	1,761
	Service fee	26,201	27,720
	Tax loss and challans acquired	4,709	-
Associates	Sales of goods	11,419,180	10,394,197
	Insurance premium	33,255	37,367
	Purchase of assets	3,215	1,744
	Supplies purchased	45,796	53,770
	Purchase of goods	5,459	65,051
	Insurance claim received	3,607	689
	Mark-up and bank charges paid	5,656	3,154
	Profit received on deposits	21,798	77,112
	Ijarah rentals	21,400	21,835
	Rent received	354	-
	Rent paid	-	1,623
Employee benefit plans	Contribution to provident fund	45,562	35,634
	Contribution to retirement benefit fund	7,361	4,967

40.1 Other transactions with key management personnel are disclosed in note 41 to the unconsolidated financial statements.

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

40.3 Following are the related parties of the Company 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	Noble Computer Services (Private) Limited	Subsidiary	100%	Professional services acquired / purchase of assets / sale of assets / sale of goods
2	Pakistan Industrial Aids (Private) Limited	Subsidiary	100%	Purchase of goods
3	Makro-Habib Pakistan Limited	Subsidiary	100%	Purchase of assets / tax loss and challans acquired
4	A-One Enterprises (Private) Limited	Subsidiary	100%	Tax profit and challans acquired
5	Habib Metro Pakistan (Private) Limited	Subsidiary	60%	Purchase of assets
6	Thal Boshoku Pakistan (Private) Limited	Subsidiary	55%	Rent received / service fee and tax loss acquired
7	Thal Power (Private) Limited	Subsidiary	100%	Loan
8	Thal Electrical (Private) Limited	Subsidiary	100%	Advance against issuance of shares
9	Sindh Engro Coal Mining Company Limited	Associate	11.90%	Issuance of shares
10	Indus Motor Company Limited	Associate	6.22%	Sales of goods
11	Shabbir Tiles and Ceramics Limited	Associate	1.30%	Sales of goods / supplies purchased
12	Habib Insurance Company Limited.	Associate	4.63%	Insurance premium / Insurance claim received
13	Metro Habib Cash and Carry Pakistan (Private) Limited	Associate of subsidiary company	-	Purchase of assets / supplies
14	Habib Metropolitan Bank Limited	Common directorship	-	Mark-up and bank charges paid / profit received
15	First Habib Modaraba	Subsidiary of an associate	-	Ijarah rentals
16	Thal Limited - Employees' Provident Fund	Retirement benefit fund	-	Contribution made
17	Thal Limited - Employees' Retirement Benefit Fund	Retirement benefit fund	-	Contribution made
18	Zehra Home Trust	Trusteeship held by spouse of Director	-	Sale of goods

41. REMUNERATION OF EXECUTIVES, DIRECTORS AND CHIEF EXECUTIVE

	2019			2018		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	16,320	-	243,098	20,257	-	237,319
Bonus	3,189	-	54,022	7,290		24,691
Company's contribution to provident fund	-	-	10,249	807	-	9,719
Company's contribution to retirement benefit fund	-	-	2,731	-	-	4,676
Other perquisites	-	-	2,977	-	-	1,226
	19,509	-	313,077	28,354	-	277,631
Number of persons	1	7	44	1	6	36

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

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

42. 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
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
Reason for shortfall	Low demand	Low demand

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

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

43. PROVIDENT FUND

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

44. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2019	2018
		--------(Rupees in '000)--------	
44.1 Financial assets as per statement of financial position			
At amortised cost			
Long term loans	11.	861,282	788,428
Long term deposits	12.	14,861	13,396
Trade debts	16	2,347,946	1,519,728
Loans and advances	17	21,860	72,696
Trade deposits	18.1	293,374	112,184
Interest accrued		3,699	2,088
Other receivables	19	71,168	35,611
Short-term investments	20	1,049,094	347,954
Cash and bank balances	22	611,509	701,283
At fair value through OCI			
Long-term investments	10.	149,279	1,616,835
At fair value through profit and loss			
Short-term investments	20	1,894,204	4,199,839
44.2 Financial liabilities as per statement of financial position			
At amortised cost			
Long-term deposits	25	1,463	2,379
Trade and other payables	26	2,483,601	2,379,148
Unclaimed dividend		56,697	49,712
Unpaid dividend		49,409	47,954
Short-term running finance	27	-	600

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company'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.

45.1 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 Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term investments, long-term loans, long-term deposits, trade debts, loans, trade deposits, other receivables, short-term investments and bank balances. The Company 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. 668.145 million (2018: Rs. 524.373 million) receivable from related parties.]	1,520,103	1,191,146
Past due but not impaired		
· Less than 90 days [includes Rs. 9.267 million (2018: Rs. 7.254 million) receivable from related parties.]	702,999	290,359
· 91 to 180 days	84,506	35,532
· 181 to 360 days	40,338	2,691
	2,347,946	1,519,728
Bank balances		
Ratings		
A1+	542,802	578,358
A-1+	66,914	120,740
*A1	1,342	23
	611,058	699,121
* This includes rating assigned by an international rating agency to foreign banks.		
Short term investments		
Ratings		
A1+	-	150,628
A-1+	1,049,094	496,771
AA(f)	1,484,464	3,241,339
AA+(f)	409,740	657,074
AA-(f)	-	301,426
	2,943,298	4,847,238

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

45.2 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 Company 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	1 to 5 years	Total
	(Rupees in '000)				
Year ended June 30, 2019					
Long term deposits	-	-	-	1,463	1,463
Trade and other payables	1,821,109	-	-	-	1,821,109
Unclaimed dividend	56,697	-	-	-	56,697
Unpaid dividend	49,409	-	-	-	49,409
	1,927,215	-	-	1,463	1,928,678
Year ended June 30, 2018					
Long term deposits	-	-	-	2,379	2,379
Trade and other payables	1,866,098	-	-	-	1,866,098
Short-term running finance - secured	600	-	-	-	600
Unclaimed dividend	48,712	-	-	-	48,712
Unpaid dividend	48,954	-	-	-	48,954
	1,964,364	-	-	2,379	1,966,743

45.3 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 Company's exposure to foreign currency risks is as follows:

	2019	2018
	(Rupees in '000)	
Trade receivables (US Dollars)	481	52
Trade and other payables (US Dollars)	165	2,127
Trade and other payables (EUR)	1,232	520
Trade and other payables (JPY)	43,927	-
Trade and other payables (CHF)	20	-
Total (CHF) - payables	20	-
Total (JPY) - payables	43,927	-
Total (EUR) - payables	1,232	520
Total (US Dollars) - receivables	316	2,075

The following significant exchange rates have been applied at the statement of financial position date:

	2019	2018
US Dollars	164.50	121.50
EUR	186.99	141.58
JPY	1.53	-
CHF	168.60	-

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, AED, EUR, JPY and CHF's exchange rate, with all other variables held constant, of the Company's profit before tax and the Company'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	(32,564)	(22,996)
	- 10	32,564	22,996

45.4 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term borrowings and cash in deposit account. The interest rates on these financial instruments are disclosed in the respective notes to the unconsolidated 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 Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
2019		
KIBOR	+ 100	4,530
KIBOR	- 100	(4,530)
2018		
KIBOR	+ 100	4,403
KIBOR	- 100	(4,403)

45.5 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 Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company'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. At 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.

46. CAPITAL RISK MANAGEMENT

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

47. 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 all other financial assets and liabilities reflected in the unconsolidated 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 considered not significantly different from their book value.

Fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
2019	----------------------------(Rupees in ‘000)----------------------------			
Assets				
• Equity investment at fair value through OCI	149,279	-	-	149,279
• Short-term investments	1,894,204	-	-	1,894,204

	Level 1	Level 2	Level 3	Total
2018	----------------------------(Rupees in ‘000)----------------------------			
Assets				
• Equity investment at fair value through OCI	218,824	-	-	218,824
• Short-term investments	4,199,839	-	-	4,199,839

There were no transfers amongst levels during the year.

48. 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.

49. NUMBER OF EMPLOYEES

Total number of employees

	2019	2018
Total number of Company's employees as at June, 30	4,074	4,671
Average number of Company's employees during the year	4,325	4,532

50. GENERAL

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

50.2 Figures have been rounded off to the nearest thousands.

51. DATE OF AUTHORISATION FOR ISSUE

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

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR