UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**923,248**	786,604
Right-of-use assets	8	**15,351**	-
Intangible asset	9	**59,586**	6,651
Long-term investment	10	**1,144,006**	1,144,006
Long-term deposits	11	**6,634**	6,634
Deferred taxation	12	**17,659**	-
		2,166,484	1,943,895
CURRENT ASSETS			
Stores, spares and loose tools	13	**106,752**	108,143
Stock-in-trade	14	**1,385,313**	1,085,156
Trade debts	15	**321,641**	669,222
Advances, deposits, prepayments and other receivables	16	**110,428**	264,958
Accrued profit		**179**	981
Short-term investments	17	**73,329**	74,629
Sales tax receivable		**135,617**	47,976
Taxation – net		**312,017**	338,070
Cash and bank balances	18	**70,615**	135,948
		2,515,891	2,725,083
TOTAL ASSETS		**4,682,375**	4,668,978
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2019: 40,000,000) ordinary shares of Rs. 5/- each		**200,000**	200,000
Issued, subscribed and paid-up capital	19	**144,000**	144,000
Reserves		**3,767,400**	3,998,798
		3,911,400	4,142,798
NON CURRENT LIABILITIES			
Deferred taxation	12	**-**	5,886
Lease liabilities	20	**8,712**	-
		8,712	5,886
CURRENT LIABILITIES			
Trade and other payables	21	**723,696**	490,028
Current portion of lease liabilities	20	**6,325**	-
Unpaid dividend	22	**11,971**	7,211
Unclaimed dividend	22	**20,271**	23,055
		762,263	520,294
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		**4,682,375**	4,668,978

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney	Fahim Kapadia	Jawwad Haqqi
Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		---------- (Rupees in '000) ----------	
Turnover – net	24	**3,768,756**	7,122,487
Cost of sales	25	**(3,598,810)**	(6,043,822)
Gross profit		**169,946**	1,078,665
Distribution cost	26	**(70,816)**	(128,674)
Administrative expenses	27	**(226,126)**	(228,443)
		(296,942)	(357,117)
Operating (loss) / profit		**(126,996)**	721,548
Other expenses	28	**(3,141)**	(69,724)
Other income	29	**143,544**	153,881
Finance cost		**(2,991)**	(314)
		137,412	83,843
Profit before taxation		**10,416**	805,391
Taxation	30	**(40,214)**	(202,379)
Net (loss) / profit for the year		**(29,798)**	603,012
		---------- (Rupees) ----------	
(Loss) / earnings per share – basic and diluted	31	**(1.03)**	20.94

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney
Director

Fahim Kapadia
Chief Executive

Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	---------- (Rupees in '000) ----------	
Net (loss) / profit for the year	**(29,798)**	603,012
Other comprehensive income	**-**	-
Total comprehensive (loss) / income for the year	**(29,798)**	603,012

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney	**Fahim Kapadia**	**Jawwad Haqqi**
Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Reserves			Total reserves	Total equity
		Capital reserve	Revenue reserves			
		Share premium	General	Unappropriated profit / accumulated (loss)		
	(Rupees in '000)					
Balance as at June 30, 2018	**144,000**	**12,598**	**3,275,000**	**439,388**	**3,726,986**	**3,870,986**
Final dividend for the year ended June 30, 2018 @ Rs. 8.5/- per share	-	-	-	(244,800)	(244,800)	(244,800)
Interim dividend for the year ended June 30, 2019 @ Rs. 3.0/- per share	-	-	-	(86,400)	(86,400)	(86,400)
Transfer to general reserve	-	-	190,000	(190,000)	-	-
Net profit for the year	-	-	-	603,012	603,012	603,012
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	603,012	603,012	603,012
Balance as at June 30, 2019	**144,000**	**12,598**	**3,465,000**	**521,200**	**3,998,798**	**4,142,798**
Final dividend for the year ended June 30, 2019 @ Rs. 7.0/- per share	-	-	-	(201,600)	(201,600)	(201,600)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Net loss for the year	-	-	-	(29,798)	(29,798)	(29,798)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(29,798)	(29,798)	(29,798)
Balance as at June 30, 2020	**144,000**	**12,598**	**3,765,000**	**(10,198)**	**3,767,400**	**3,911,400**

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney
Director

Fahim Kapadia
Chief Executive

Jawwad Haqqi
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**348,507**	126,680
Long-term deposits paid		**-**	(400)
Finance cost paid		**(850)**	(314)
Income tax paid		**(37,706)**	(297,097)
Net cash generated from / (used in) operating activities		**309,951**	(171,131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(327,719)**	(222,633)
Proceeds from disposal of operating fixed assets		**20,958**	12,905
Short-term investments disposed / (made) in mutual fund		**1,491**	(52,347)
Profit received on short-term investments - term deposit receipts		**7,794**	16,606
Profit received on deposit accounts		**10,202**	11,856
Dividend received		**120,283**	118,690
Net cash used in investing activities		**(166,991)**	(114,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(199,624)**	(326,954)
Lease payments		**(8,669)**	-
Net cash used in financing activities		**(208,293)**	(326,954)
Net decrease in cash and cash equivalents		**(65,333)**	(613,008)
Cash and cash equivalents at the beginning of the year	33	**157,948**	770,956
Cash and cash equivalents at the end of the year	33	**92,615**	157,948

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Salman Burney	**Fahim Kapadia**	**Jawwad Haqqi**
Director	Chief Executive	Chief Financial Officer

1 THE COMPANY AND ITS OPERATIONS

1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

1.2 Geographical location and addresses of all the business units are as under:

Location	Business unit
Karachi 5th Floor, House of Habib, Main Shahrah-e-Faisal.	Registered office
Hub Mouza Baroot, Hub Chowki Distt. Lasbella, Balochistan.	Manufacturing facillity

1.3 These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiary is accounted for at cost less accumulated impairment losses, if any and is not consolidated or accounted for using equity method.

2 STATEMENT OF COMPLIANCE

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 Standards Board (IASB) as notified under the Companies Act, 2017 (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 provisions 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 short-term investments in mutual fund classified at fair value through profit or loss and lease liabilities under present value as disclosed in respective notes to the unconsolidated financial statements.

3.2 These unconsolidated financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

4.1 New standards, amendments, interpretation and improvements effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Standards, Amendments or Interpretation

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - Leases
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

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

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

4.1.1 IFRS 16 Leases

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

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

The new accounting policy in respect of leases is disclosed in note 5.2 & 5.10 to these unconsolidated financial statements. The impact of adoption of IFRS 16 on recognition and classification as at July 01, 2019 on the unconsolidated statement of financial position is summarised below:

	(Rupees in '000)
Assets	
Right-of-use assets	23,428
Prepayments	(1,863)
	21,565
Liabilities	
Non current lease liabilities	15,369
Current maturity of lease liabilities	6,196
	21,565

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as at July 01, 2019.

The impact of adoption of IFRS 16 on the unconsolidated statement of profit or loss for the year ended June 30, 2020 is summarized below:

	(Rupees in '000)
Decrease in rent expenses	8,529
Increase in depreciation expense	(8,077)
Increase in finance costs	(2,141)
	(1,689)

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

	(Rupees in '000)
Operating lease commitments as at June 30, 2019	34,411
Impact of discounting	(4,970)
Short-term leases	(7,876)
Total lease liability at July 01, 2019	21,565
Weighted average incremental borrowing rate as at July 01, 2019	14%

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

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

Amendments	Effective date (annual periods beginning on or after)
IFRS 3 -- Definition of a Business (Amendments)	01 January 2020
IFRS 3 -- Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7 -- Interest Rate Benchmark Reform (Amendments)	01 January 2020
IFRS 10 / IAS 28 -- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 -- Definition of Material (Amendments)	01 January 2020
IAS 1 -- Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16 -- Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 -- Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

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

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

IFRS 9 -- Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 -- Agriculture – Taxation in fair value measurements	01 January 2022

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 financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 -- First time adoption of IFRSs	01 January 2004
IFRS 17 -- Insurance Contracts	01 January 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for freehold land which is stated at cost.

Depreciation on operating fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of operating fixed assets, if any, are included in unconsolidated statement of profit or loss.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or related cash-generating units are written down to their recoverable amount.

5.1.2 Capital work in progress

These are stated at cost less accumulated impairment in value, if any. Capital work in progress consist of expenditure incurred and advances made in respect of operating fixed assets in the course of their construction and installation.

5.2 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment.

5.3 Development costs or Intangible assets

Development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”. These amounts are amortised at the rate disclosed in note 9 to these unconsolidated financial statements.

5.4 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost less provision for slow moving and obsolete items. The cost is determined by the weighted moving average cost method except for those in transit which are valued at actual cost.

5.5 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of net realisable value (NRV) and cost determined as follows:

Raw and packing materials	Moving average basis.
Work-in-process	Cost of direct materials plus conversion cost valued on the basis of equivalent production units.
Finished goods	Cost of direct materials plus conversion cost valued on time proportion basis.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the date of statement of financial position.

Stock-in-trade is regularly reviewed by the management and obsolete items, if any, are brought down to their NRV. 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.

5.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

5.7 Investment in a subsidiary company

Investment in subsidiary is stated at cost less accumulated impairment, if any.

5.8 Cash and cash equivalents

For the purpose of unconsolidated statement of cash flow, 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. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.9 Financial instruments

5.9.1 Financial assets

The financial assets of the Company mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

Short-term investments in mutual fund are designated at FVTPL at initial recognitiion. These are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

5.9.2 Financial liabilities

All financial liabilities are recognized initailly at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss.The Company does not have any financial liability at fair value through profit or loss.

5.9.3 Impairment of financial assets - allowance for expected credit losses

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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. 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 date of statement of financial position, 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.

5.9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

5.9.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

5.10 Lease liabilities

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

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

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset."

5.10.1 Short-term leases

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

5.10.2 Significant judgement in determining the lease term of contracts with renewal options

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

5.11 Employees' benefits

Provident fund

The Company operates a recognised provident fund scheme (defined contribution plan) for all its employees who are eligible for the scheme in accordance with the Company's policy. Contributions in respect thereto are made in accordance with the terms of the scheme.

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher in accordance with the provisions of Income Tax Ordinance 2001. The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of Agriauto Industries Limited (the Holding Company) and Agriauto Stamping Company (Private) Limited - wholly owned Subsidiary.

Deferred

Deferred tax is provided, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of statement of financial position.

5.13 Provisions

Provision is recognised in the unconsolidated statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each year end and adjusted to reflect the current best estimate.

5.14 Warranty obligations

The Company recognises the estimated liability to repair or replace products under warranty at the year end on the basis of historical experience. The warranty provided by the company to the customer is assurance warranty.

5.15 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the date of statement of financial position. Exchange differences if any are taken to the unconsolidated statement of profit or loss.

5.16 Revenue recognition

Revenue from contracts with customers is recognized when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Performance obligations held by the Company are not separable, and are not partially satisfied, since they are satisfied at a point in time, when the customer accepts the products. Moreover, the payment terms identified in most sources of revenue are short-term usually 30 to 60 days upon delivery, without any variable considerations, financing components and guarantees.

The Company recognizes an account receivable when the performance obligations have been met, recognizing the corresponding revenue. Moreover, the considerations received before satisfying the performance obligations are recognized as advances from customers.

Return on bank deposits / saving accounts is recognised on accrual basis.
Return on short term investments is recognised on accrual basis.
Dividend income is recognised when the Company's right to receive the dividend is established.
Other income, if any, is recognized on accrual basis.

5.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.18 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in these unconsolidated financial statements in the period in which these are approved.

5.19 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.

6 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

	Notes
- residual values, method of depreciation, useful lives and impairment of assets	5.1, 5.2, 5.3, 7.1,8 & 9
- allowance for expected credit losses	5.6, 5.9.3 & 14.3
- provision for tax and deferred tax	5.12,12 & 30
- warranty obligations	5.14 & 21.4
- Net realizable value (NRV) of stock-in-trade	5.5 & 14
- leases	5.10 & 20

	Note	2020	2019
		----- (Rupees in '000) -----	
Operating fixed assets	7.1	752,965	733,836
Capital work-in-progress	7.5	170,283	52,768
		923,248	786,604

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Operating fixed assets

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at June 30, 2019	Additions / transfer*/ (disposals)	As at June 30, 2020	Depreciation rate	As at June 30, 2019	Charge for the year (Note 7.2)	(On disposals)	As at June 30, 2020	As at June 30, 2020
	---------- (Rupees in '000) ----------			%	---------- (Rupees in '000) ----------				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	192,420	1,212 6,608 *	200,240	10	107,307	9,228	-	116,535	83,705
Plant and machinery	1,117,642	77,538 16,953 * (10,914)	1,201,219	10 – 20	556,994	64,258	(2,109)	619,143	582,076
Furniture and fittings	18,898	6,522 4,261 * (920)	28,761	15	8,923	2,135	(791)	10,267	18,494
Vehicles	96,483	6,572 (15,972)	87,083	20	41,953	10,991	(7,444)	45,500	41,583
Office equipment	6,179	- -	6,179	20	3,344	567	-	3,911	2,268
Computer equipment	29,318	825 (393)	29,750	33	25,348	1,487	(343)	26,492	3,258
Dies and tools	53,059	- 17,150 *	70,209	40	37,946	12,334	-	50,280	19,929
2020	1,515,651	92,669 44,972 * (28,199)	1,625,093		781,815	101,000	(10,687)	872,128	752,965

* represents transfer from capital work-in-progress to operating fixed assets.

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at June 30, 2018	Additions /transfer*/ (disposals)	As at June 30, 2019	Depreciation rate	As at June 30, 2018	Charge for the year (Note 7.2)	(On disposals)	As at June 30, 2019	As at June 30, 2019
	---------- (Rupees in '000) ----------			%	---------- (Rupees in '000) ----------				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	189,672	2,748	192,420	10	98,079	9,228	-	107,307	85,113
Plant and machinery	1,000,572	121,384 15,528 * (19,842)	1,117,642	10 – 20	507,762	61,720	(12,488)	556,994	560,648
Furniture and fittings	15,558	3,624 (284)	18,898	15	7,795	1,397	(269)	8,923	9,975
Vehicles	83,407	26,854 (13,778)	96,483	20	40,524	11,723	(10,294)	41,953	54,530
Office equipment	4,473	1,899 (193)	6,179	20	3,092	441	(189)	3,344	2,835
Computer equipment	30,392	2,091 (3,165)	29,318	33	26,654	1,672	(2,978)	25,348	3,970
Dies and tools	37,891	15,168	53,059	40	35,453	2,493	-	37,946	15,113
2019	1,363,617	173,768 15,528 * (37,262)	1,515,651		719,359	88,674	(26,218)	781,815	733,836

* represents transfer from capital work-in-progress to operating fixed assets.

	Note	2020	2019
		----- (Rupees in '000) -----	
7.2 Depreciation charge for the year has been allocated as follows :			
Cost of sales	25	**90,952**	78,696
Distribution cost	26	**1,971**	1,494
Administrative expenses	27	**8,077**	8,484
		101,000	88,674

7.3 Particulars of immovable property (i.e. freehold land and building on freehold land) in the name of Company is as follows:

Location	Use of immovable property	Total area
Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan	Manufacturing Facility	18.4 acres

7.4 Particulars of disposal of each operating fixed asset having book value of five hundred thousand rupees or more, where aggregate book value of that class of assets exceeds five million rupees are as follows:

Particulars	Cost	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer	Relationship
			(Rupees in '000)				
Plant and machinery							
Tractor YTO X 750	1,483	1,090	900	(190)	Negotiation	Mr. Ajmal	Independent purchaser
Tractor YTO X 750	1,490	1,054	1,000	(54)	Negotiation	Mr. Shahid	Independent purchaser
Tractor YTO X 850	1,534	1,211	1,000	(211)	Negotiation	Mr. Mohsin Ali Khan	Independent purchaser
Tractor YTO-ELX 1034	2,638	2,216	2,600	384	Negotiation	Mr. Mohsin Ali Khan	Independent purchaser
Tractor YTO-BF-75 4 Wheel	1,452	1,428	1,600	172	Negotiation	Syed Hassan Raza	Independent purchaser
Tractor YTO-BF-75 4 Wheel	1,496	1,459	1,600	141	Negotiation	Mr. Mohsin Ali Khan	Independent purchaser
Vehicles							
Toyota Corolla	1,628	550	1,010	460	Company policy	Mr. Tahir Ijaz	Ex-employee
Toyota Corolla	1,752	581	581	-	Company policy	Mr. Zia Alam	Ex-employee
Toyota Corolla	1,863	860	900	40	Company policy	Mr. Shiraz Ahmed	Ex-employee
Toyota Corolla	1,642	883	1,610	727	Company policy	Mr. Danish Abrar	Ex-employee
Toyota Corolla	2,154	1,495	2,150	655	Negotiation	Mr. Ghulam Abbas	Ex-employee
Toyota Corolla	2,679	2,288	2,960	672	Negotiation	Mr. Asif Bashir	Independent purchaser
Suzuki Cultus	1,568	1,200	1,340	140	Company policy	Mr. Sabir Ali	Ex-employee
	23,379	**16,315**	**19,251**	**2,936**			
Operating fixed assets having WDV less than Rs. 0.5 million	4,820	1,197	1,707	510	Various	Various	
2020	**28,199**	**17,512**	**20,958**	**3,446**			
2019	37,262	11,044	12,905	1,861			

	Note	2020	2019
		----- (Rupees in '000) -----	
7.5 Capital work in progress			
Plant and machinery		**121,488**	46,160
Building on freehold land		**48,795**	6,608
	7.5.1	**170,283**	52,768

		Note	2020	2019
			----- (Rupees in '000) -----	
7.5.1	**Movement in capital work-in-progress is as follows:**			
	As at July 01		**52,768**	23,365
	Capital expenditure incurred / advances made during the year		**170,284**	47,581
	Transfer to operating fixed assets during the year	7.1	**(44,972)**	(15,528)
	Charged off during the year		**(7,797)**	(2,650)
	As at June 30		**170,283**	52,768
8	**RIGHT-OF-USE ASSETS**			
	As at July 01			
	Impact of initial application of IFRS 16 (note 4.1.1)		**23,428**	-
	Depreciation charged during the year	8.1	**(8,077)**	-
	As at June 30		**15,351**	-
8.1	**Depreciation charge for the year has been allocated as follows :**			
	Cost of sales	25	**5,632**	-
	Distribution cost	26	**781**	-
	Administrative expenses	27	**1,664**	-
			8,077	-
9	**INTANGIBLE ASSET**			
	Cost			
	As at July 01		**10,736**	9,452
	Additions during the year	9.1	**64,766**	1,284
	As at June 30		**75,502**	10,736
	Accumulated amortisation			
	As at July 01		**(4,085)**	(1,589)
	Charge for the year	25	**(11,831)**	(2,496)
	As at June 30		**(15,916)**	(4,085)
	Net book value as at June 30		**59,586**	6,651
	Annual rate of amortisation		**20%**	20%

9.1 This represents development costs incurred in respect of parts for upcoming models of motor vehicles.

		Note	2020	2019
			----- (Rupees in '000) -----	
10	**LONG-TERM INVESTMENT**			
	Investment in a subsidiary company - at cost			
	Agriauto Stamping Company (Private) Limited	10.1	**1,144,006**	1,144,006

10.1 Represents investment in wholly owned subsidiary company incorporated on January 20, 2012.

		Note	2020	2019
			----- (Rupees in '000) -----	
11	**LONG-TERM DEPOSITS**			
	Security deposits - considered good	11.1	**6,634**	6,634
11.1	Represent interest free deposits.			
12	**DEFERRED TAXATION**			
	Deductible temporary differences arising due to:			
	- provisions and lease liabilities		**95,120**	79,647
	- unused tax losses		**14,948**	-
	Taxable temporary differences arising due to:			
	- accelerated tax depreciation		**(92,409)**	(85,533)
			17,659	(5,886)
13	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**66,012**	63,378
	Spares		**36,774**	39,569
	Loose tools		**3,966**	5,196
			106,752	108,143
14	**STOCK-IN-TRADE**			
	Raw material		**1,241,592**	781,482
	Packing material		**3,959**	3,475
	Work-in-process		**49,188**	43,441
	Finished goods		**38,078**	19,954
	Goods-in-transit		**52,496**	236,804
			1,385,313	1,085,156

14.1 Write down of stock-in-trade to net realizable value during the year amounted to Rs. 49.777 million (2019: Rs. 12.338 million).

14.2 Reversal of write down of stock-in-trade to net realizable value during the year amounted to Rs. Nil (2019: Rs. 7.806 million).

		Note	2020	2019
			----- (Rupees in '000) -----	
15	**TRADE DEBTS - unsecured**			
	Considered good	15.1 & 15.2	**321,641**	669,222
	Considered doubtful		**425**	602
	Allowance for expected credit losses	15.3	**(425)**	(602)
			-	-
			321,641	669,222

15.1 This includes an amount of Rs. 3.32 million (2019: Rs. 2.57 million) and Rs. 1.91 million (2019: Nil) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary and Thal Boshoku Pakistan (Private) Limited, against sales made by the Company respectively.

15.2 The amount due from the related parties is neither passed due nor impaired. The maximum aggregate amount receivable from the related parties at the end of any month during the year was Rs 8.43 million (2019: Rs 4.20 million).

	Note	2020	2019
		----- (Rupees in '000) -----	
15.3 Movement in allowance for expected credit losses:			
As at July 01		**602**	595
(Reversal) / charge for the year	28 & 29	**(177)**	7
As at June 30		**425**	602
16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances – unsecured, considered good			
Contractors		**1,312**	15,594
Employees		**713**	953
Suppliers		**2,135**	12
		4,160	16,559
Deposits		**577**	425
Prepayments			
Insurance		**4,619**	4,426
Rent		**-**	3,810
Others		**6,010**	2,688
		10,629	10,924
Other receivables - secured, considered good	16.1	**95,062**	237,050
		110,428	264,958

16.1 This includes an amount of Rs. 21.42 million (2019: Rs. 231.46 million) and Rs. 73.64 million (2019: Rs. Nil) receivable against LC margins and claim against Additional custom duty from a customer respectively.

	Note	2020	2019
		----- (Rupees in '000) -----	
17 SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts	17.1	**22,000**	22,000
Accrued profit thereon		**291**	53
		22,291	22,053
At fair value through profit or loss			
Mutual funds - open ended (4,847,847 units (2019: 5,323,943 units) at NAV of Rs.10.5282 each (2019: Rs. 9.875)		**51,038**	52,576
		73,329	74,629

17.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate of 6.70% (2019: 5.85%) per annum and will mature by August 29, 2020.

		Note	2020	2019
			----- (Rupees in '000) -----	
18	**CASH AND BANK BALANCES**			
	In hand		**9**	3
	With banks in			
	- current accounts		**38,561**	85,570
	- deposit accounts	18.1 & 18.2	**32,045**	50,375
			70,606	135,945
			70,615	135,948

18.1 These carry profit rates ranging from 7.1% to 13.1% (2019: 9.5% to 10.25%) per annum.

18.2 Represents deposits and saving accounts placed with conventional banks under interest / mark-up arrangements.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of shares in ('000)		Ordinary shares of Rs. 5/- each	----- (Rupees in '000) -----	
22,800	22,800	Fully paid in cash	**114,000**	114,000
6,000	6,000	Issued as bonus shares	**30,000**	30,000
28,800	28,800		**144,000**	144,000

20 LEASE LIABILITIES

The Company has certain lease arrangements for its offices and warehouse in which rentals are payable in advance. Incidental expense related to these leases are borne by the Company. The weighted average incremental borrowing rate of the company is 14% (2019: Nil) per annum.

	Note	2020	2019
		----- (Rupees in '000) -----	
Lease liabilities		**15,037**	-
Current maturity of lease liabilities		**(6,325)**	-
	20.1	**8,712**	-

20.1 Movement of lease liabilities:

As at July 01	**-**	-
Impact of initial application of IFRS 16 (note 4.1.1)	**21,565**	-
Finance cost during the year	**2,141**	-
Payments during the year	**(8,669)**	-
As at June 30	**15,037**	-
Current maturity of lease liabilities	**(6,325)**	-
	8,712	-

20.2 The maturity analysis of lease liabilities as at the reporting date is as follows:

Up to one year	**6,325**	-
After one year	**8,712**	-
Total lease liabilities	**15,037**	-

20.3 Expenses relating to short-term leases amounted to Rs. 6.051 million (2019: Nil) during the year.

	Note	2020	2019
		----- (Rupees in '000) -----	
21 TRADE AND OTHER PAYABLES			
Creditors	21.1	**77,077**	90,993
Accrued liabilities		**401,095**	243,533
Royalty payable		**10,313**	17,041
Advance from customer		**113,568**	1,059
Payable to provident fund	21.2	**2,542**	2,369
Witholding tax payable		**1,146**	10,586
Workers' Profit Participation Fund	21.3	**566**	3,140
Workers' Welfare Fund		**-**	14,650
Warranty obligations	21.4	**113,285**	102,127
Others		**4,104**	4,530
		723,696	490,028

21.1 This includes an amount of Rs. 0.07 million (2019: 0.05 million) payable to Shabbir Tiles and Ceramics Limited, a related party of the Company.

21.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Note	2020	2019
		----- (Rupees in '000) -----	
21.3 Workers' Profit Participation Fund			
As at July 01		**3,140**	584
Allocation for the year	28	**566**	43,140
		3,706	43,724
Payment made during the year		**(3,140)**	(40,584)
As at June 30		**566**	3,140
21.4 Warranty obligations			
As at July 01		**102,127**	77,464
Provision for the year	26	**15,076**	28,513
		117,203	105,977
Claims paid during the year		**(3,918)**	(3,850)
As at June 30		**113,285**	102,127

22 UNPAID DIVIDEND / UNCLAIMED DIVIDEND

Subsequent to the year end, the Company has opened separate bank accounts as required under the provision of section 244 of the Act and the required amounts have been transferred accordingly.

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 2.25 million (2019: Nil). The management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in these unconsolidated financial statements.

23.2 Commitments

23.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 178.891 million (2019: Rs. 405.049 million).

23.2.2 Commitments in respect of capital expenditure amounting to Rs. 1.686 million (2019: Rs. 81.982 million).

23.2.3 Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.385 million (2019: Rs. 0.385 million).

	2020	2019
	----- (Rupees in '000) -----	
24 TURNOVER – net		
Sales	**4,422,906**	8,340,194
	(161)	(170)
Trade discount	**(653,989)**	(1,217,537)
Sales tax	**(654,150)**	(1,217,707)
	3,768,756	7,122,487

24.1 Revenue recognised from amounts included in advance from customer at the beginning of the year amounted to Rs. 1.059 million (2019: Rs. 15.7 million).

		Note	2020	2019
			----- (Rupees in '000) -----	
25	**COST OF SALES**			
	Raw material consumed			
	Opening stock	14	**781,482**	669,766
	Purchases		**3,235,051**	5,082,378
			4,016,533	5,752,144
	Closing stock	14	**(1,241,592)**	(781,482)
			2,774,941	4,970,662
	Manufacturing expenses			
	Salaries, wages and benefits		**364,549**	448,039
	Stores, spares and loose tools consumed		**131,386**	209,768
	Fuel and power		**72,928**	70,586
	Amortization	9	**11,831**	2,496
	Royalty		**20,830**	33,979
	Depreciation on operating fixed assets	7.2	**90,952**	78,696
	Depreciation on right-of-use assets	8.1	**5,632**	-
	Transportation and travelling		**54,880**	82,014
	Repairs and maintenance		**61,813**	72,452
	Packing material consumed		**15,237**	29,921
	Rent, rates and taxes		**251**	6,251
	Research and development costs		**7,020**	2,950
	Insurance		**2,896**	3,470
	Communications and professional fee		**3,495**	3,247
	Printing and stationery		**824**	1,522
	Others		**3,216**	9,078
			847,740	1,054,469
	Work-in-process			
	Opening stock	14	**43,441**	48,913
	Closing stock	14	**(49,188)**	(43,441)
			(5,747)	5,472
	Cost of goods manufactured		**3,616,934**	6,030,603
	Finished goods			
	Opening stock	14	**19,954**	33,173
	Closing stock	14	**(38,078)**	(19,954)
			(18,124)	13,219
			3,598,810	6,043,822

25.1 Royalty paid during the year (excluding Sindh Sales Tax on services) comprise of the following:

Compan name	Address	Relationship with the Compan	2020	2019
			----- (Rupees in '000) -----	
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	**23,799**	23,701
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	**972**	993
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	**2,786**	5,500

		Note	2020	2019
			----- (Rupees in '000) -----	
26	**DISTRIBUTION COST**			
	Salaries, wages and benefits		**18,037**	19,529
	Advertisement and sales promotion		**9,197**	40,095
	Carriage and forwarding		**18,983**	33,127
	Travelling and conveyance		**2,907**	3,220
	Depreciation on operating fixed assets	7.2	**1,971**	1,494
	Depreciation on right-of-use assets	8.1	**781**	-
	Provision for warranty claims	21.4	**15,076**	28,513
	Trade debts written-off		**-**	101
	Rent, rates and taxes		**204**	263
	Communications		**235**	541
	Insurance		**1,784**	1,486
	Repairs and maintenance		**1,442**	82
	Others		**199**	223
			70,816	128,674
27	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits		**80,086**	83,349
	Legal and professional charges		**71,954**	72,232
	Travelling and conveyance		**14,921**	17,603
	Repairs and maintenance		**20,517**	16,418
	Depreciation on operating fixed assets	7.2	**8,077**	8,484
	Depreciation on right-of-use assets	8.1	**1,664**	-
	Security services		**9,174**	7,322
	Communications and professional fee		**2,396**	3,724
	Printing and stationery		**1,532**	3,767
	Rent, rates and taxes		**6,051**	7,368
	Utilities		**2,028**	1,699
	Auditors' remuneration	27.1	**2,091**	1,630
	Insurance		**1,281**	1,462
	Others		**4,354**	3,385
			226,126	228,443
27.1	**Auditors' remuneration**			
	Audit fee for standalone financial statements		**900**	900
	Audit fee for consolidated financial statements		**175**	175
	Fee for review of half yearly financial statements		**100**	100
	Other certifications		**671**	250
	Out of pocket expenses		**245**	205
			2,091	1,630
28	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	21.3	**566**	43,140
	Workers' Welfare Fund		**-**	14,650
	Donations	28.1	**2,575**	11,927
	Allowance for expected credit losses	15.3	**-**	7
			3,141	69,724

28.1 Donation to following parties equals to or exceeds 10% of the Company's total donations or Rs. 1 million, whichever is higher:

	2020	2019
	----- (Rupees in '000) -----	
Habib Educational Trust	2,000	4,300
Mohammedali Habib Welfare Trust	-	4,000
Markaz-e-Umeed	-	1,500

28.2 None of the directors or their spouses had any interest in the donees except for Ms. Ayesha T. Haq (independent director) who is a member of Board of Governors in Professional Education Foundation (PEF). Donation given to PEF during the year amounted to Rs. Nil (2019: 0.2 million).

	Note	2020	2019
		----- (Rupees in '000) -----	
29 OTHER INCOME			
Income from financial assets			
Profit on:			
- short-term investments - term deposit receipts		8,032	13,791
- deposit accounts		9,400	12,156
	29.1	17,432	25,947
(Loss) / gain on disposal of short-term investments - mutual funds		(47)	229
Unrealised (loss) / gain on short-term investments- mutual funds		(2,000)	189
Reversal of allowance for expected credit losses	15.3	177	-
Liabilities no longer payable - written back		403	-
Dividend income:			
- Agriauto Stamping Company (Private) Limited		114,401	114,401
- short-term investments - mutual funds		5,882	6,096
		120,283	120,497
Income from non-financial assets			
Gain on disposal of operating fixed assets	7.4	3,446	1,861
Scrap sales		1,313	5,158
Miscellaneous income		2,537	-
		7,296	7,019
		143,544	153,881

29.1 Represents profit earned under conventional banking relationship.

30 TAXATION		
Current		
For the year	57,413	199,068
Prior	6,346	(140)
Super tax	-	14,357
	63,759	213,285
Deferred	(23,545)	(10,906)
	40,214	202,379

30.1 Provision for current tax has been made on the basis of minimum tax under section 113 of Income Tax Ordinance 2001 (the Ordinance), accordingly tax expense reconcilation with the accounting profit is not presented.

31 EARNINGS PER SHARE – basic and diluted

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

	Note	2020	2019
		----- (Rupees in '000) -----	
Net (loss) / profit for the year		**(29,798)**	603,012
Weighted average number of ordinary shares outstanding during the year (shares in '000)		**28,800**	28,800
(Loss) / earning per share (Rs.)		**(1.03)**	20.94

32 CASH GENERATED FROM OPERATIONS

Profit before taxation		**10,416**	805,391
Adjustments for:			
Depreciation and amortisation	7.2, 8 & 9	**120,908**	91,170
Finance costs		**2,991**	314
(Reversal) / allowance for expected credit losses		**(177)**	7
Liabilities no longer payable - written back	29	**(403)**	-
Trade debts written off		**-**	101
Profit on short-term investments - term deposit receipts	29	**(8,032)**	(13,791)
Profit on deposit accounts	29	**(9,400)**	(12,156)
Dividend income	29	**(120,283)**	(120,497)
Capital work-in-progress charged off	7.5.1	**7,797**	2,650
Gain on disposal of operating fixed assets	29	**(3,446)**	(1,861)
Loss / (gain) on disposal of short-term investments - mutual funds	29	**47**	(229)
		(9,998)	(54,292)
		418	751,099
Decrease / (increase) in current assets			
Stores, spares and loose tools		**1,391**	(24,965)
Stock-in-trade		**(300,157)**	(120,914)
Trade debts		**347,758**	(237,399)
Advances, deposits, prepayments and other receivables		**152,667**	(256,052)
Sales tax receivable		**(87,641)**	(38,890)
		114,018	(678,220)
Increase in current liabilities			
Trade and other payables		**234,071**	53,801
		348,507	126,680

33 CASH AND CASH EQUIVALENTS

Short-term investments - term deposit receipts	17	**22,000**	22,000
Cash and bank balances	18	**70,615**	135,948
		92,615	157,948

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

34.1 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits and term deposit receipts. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would decrease the Company's loss for the year by Rs. 0.54 million (2019: Rs. 0.52 million) and a 1% decrease would result in the increase in the Company's loss for the year by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) 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. As at June 30, 2020, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

34.2 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 mainly on trade debts, short-term investments, long-term deposits, short-term deposits, other receivables and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	Note	2020	2019
		----- (Rupees in '000) -----	
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	11	6,634	6,634
Trade debts	15	321,641	669,222
Deposits	16	577	425
Other receivables	16	95,062	237,050
Short-term investments	17	73,329	74,629
Bank balances	18	70,606	135,945
		567,849	1,123,905

The table below provides the analysis of the credit quality of financial assets on the basis of external credit rating or the historical information about counter party default rates.

	2020	2019
	----- (Rupees in '000) -----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	**302,008**	557,235
Past due but not impaired		
- 30 to 90 days	**11,787**	111,987
- 91 to 180 days	**7,769**	-
- 181 to 360 days	**77**	-
	321,641	669,222
Bank balances		
Ratings		
AAA	**7,295**	-
AA+	**63,312**	-
A-1+	**-**	135,945
	70,607	135,945
Short-term investments		
Ratings		
A-1+	**73,329**	52,576
AA(f)	**-**	22,053
	73,329	74,629

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management of the Company believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Company on the basis of expected cashflow considering the level of liquid assets necessary to mitigate the liquidity risk.

2020	Not later than 3 months	Later than 3 months but not more than a year	1 to 5 years	Total
	---------- (Rupees in '000) ----------			
Trade and other payables	**530,533**	**75,000**	**-**	**605,533**
Lease liabilities	**6,000**	**325**	**8,712**	**15,037**
Unpaid dividend	**11,971**	**-**	**-**	**11,971**
Unclaimed dividend	**20,271**	**-**	**-**	**20,271**
	568,775	**75,325**	**8,712**	**652,812**

2019	Not later than 3 months	Later than 3 months but not more than a year	1 to 5 years	Total
	---------- (Rupees in '000) ----------			
Trade and other payables	458,224	-	-	458,224
Lease liabilities	-	-	-	-
Unpaid dividend	7,211	-	-	7,211
Unclaimed dividend	23,055	-	-	23,055
	488,490	-	-	488,490

35 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long-term borrowings.

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

The different levels to analyse financial assets carried at fair value have been defined as follows:

Level 1: Quoted market price
Level 2: Valuation techniques (market observable); and
Level 3: Valuation techniques (non-market observables)

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees in '000) ----------			
Short-term investments - mutual funds				
June 30, 2020	**51,038**	**-**	**-**	**51,038**
June 30, 2019	52,576	-	-	52,576

37 CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES:

	2020		2019	
	Unclaimed & Unpaid	Lease iabilities	Unclaimed & Unpaid	Lease iabilities
	----- (Rupees in '000) -----			
As at July 01	30,266	-	26,020	-
Changes from financing cash flows				
Dividend paid during the year	(199,624)	-	(326,954)	-
Payments made during the year	-	(8,669)	-	-
	(199,624)	(8,669)	(326,954)	-
Other changes				
Dividend declared during the year	201,600	-	331,200	-
Impact of initial application of IFRS 16 (note 4.1.1)	-	21,565	-	-
Finance cost during the year	-	2,141	-	-
Additions during the year	-	-	-	-
	201,600	23,706	331,200	-
As at June 30	32,242	15,037	30,266	-

38 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

38.1 The aggregate amount charged in the unconsolidated financial statements for remuneration including certain benefits to the chief executive, directors and executives of the Company are as follows:

	2020		2019	
	Chief executive	Executives	Chief executive	Executives
	----- (Rupees in '000) -----			
Managerial remuneration	19,600	51,153	18,149	45,497
Bonus	4,800	6,588	6,612	10,463
Retirement benefits	1,633	2,662	1,512	2,100
Utilities	-	187	-	138
Medical expenses	52	373	54	298
	26,085	60,963	26,327	58,496
Number of persons	1	13	1	12

38.2 The Chief Executive and certain executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy.

38.3 Three non-executive directors (2019: Three) have been paid fees of Rs. 1.403 million (2019: Rs. 2.025 million) for attending board and other meetings.

39 TRANSACTIONS WITH RELATED PARTIES

39.1 Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of Directors of the Company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the unconsolidated financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	Percentage of share holding in the Company %	2020	2019
			----- (Rupees in '000) -----	
Subsidiary (wholly owned)				
Agriauto Stamping Company (Private) Limited.	Sales	Nil	**15,253**	33,316
	Dividend received		**114,401**	114,401
	Tax credit claimed		**49,280**	13,424
	Service rendered		**-**	2,932
Associated companies (Common directorship)				
Auvitronics Limited	Purchase	Nil	**-**	2,149
Thal Limited	Dividend paid	7.35	**14,809**	24,329
Shabbir Tiles & Ceramics Limited	Purchases	Nil	**865**	103
Thal Boshoku Pakistan (Private) Limited	Sales	Nil	**4,636**	-
Retirement benefits fund				
Employees' Provident Fund	Contribution	Nil	**11,612**	10,426
Key management personnel	Remuneration and other benefits	Nil	**38,815**	39,254

39.2 The outstanding balance with related parties as at the year-end have been disclosed in the respective notes to the unconsolidated financial statements.

39.3 Details of compensation to the key management personnel have been disclosed in the note 38 to the unconsolidated financial statements.

40 PRODUCTION CAPACITY

The production capacity of the Company cannot be determined as this depends on the relative proportions of various types of vehicles and agricultural tractors produced by OEMs.

41 UNUTILIZED CREDIT FACILITIES

As of the statement of financial position date, the Company has unutilized facilities for short-term running finance available from various banks amounted to Rs. 160 million (2019: 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2019: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

42 NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

42.1 The Board of Directors in its meeting held on August 27, 2020 (i) approved the transfer of Rs. Nil million (2019: Rs.300 million) from unappropriated profits to general reserve and (ii) proposed cash dividend of Re. 1 per share (2019: Rs. 7 per share) for the year ended June 30, 2020 amounting to Rs. 28.8 million (2019: Rs. 201.6 million) for approval of the members at the Annual General Meeting to be held on October 22, 2020.

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

43 NUMBER OF EMPLOYEES

Total number of employees as at June 30	617	709
Average number of employees during the year	667	709

44 COVID-19 OUTBREAK AND ITS IMPACT ON UNCONSOLIDATED FINANCIAL STATEMENTS

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Company was impacted by COVID-19 in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors which contributed towards overall decrease in revenues by approximately 20% along with the corresponding variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these unconsolidated financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, “Impairment of non-financial assets”
- The net realizable value of Inventory under IAS 2, “Inventories”

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these unconsolidated financial statements except for the decrease in revenue and corresponding variable cost and variable overheads as stated above.

45 GENERAL

45.1 Figures have been rounded off to the nearest thousands unless otherwise stated.

45.2 Certain prior year’s figures have been reclassified for better presentation, wherever necessary. However, there are no material reclassifications to report.

46 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 27, 2020 by the Board of Directors of the Company.

Salman Burney	**Fahim Kapadia**	**Jawwad Haqqi**
Director	Chief Executive	Chief Financial Officer