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	786,604	667,623
Intangible asset	8	6,651	7,863
Long-term investment	9	1,144,006	1,144,006
Long-term deposits	10	6,634	6,234
		1,943,895	1,825,726
CURRENT ASSETS			
Stores, spares and loose tools	11	108,143	83,178
Stock-in-trade	12	1,085,156	964,242
Trade debts	13	669,222	431,931
Advances, deposits, prepayments and other receivables	14	264,958	7,099
Accrued profit		981	681
Short-term investments	15	74,629	543,560
Sales tax receivable		47,976	9,086
Taxation – net		338,070	254,258
Cash and bank balances	16	135,948	230,264
		2,725,083	2,524,299
TOTAL ASSETS		4,668,978	4,350,025
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2018: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	17	144,000	144,000
Reserves		3,998,798	3,726,986
		4,142,798	3,870,986
NON CURRENT LIABILITIES			
Deferred taxation	18	5,886	16,792
CURRENT LIABILITIES			
Trade and other payables	19	490,028	436,227
Unpaid dividend		7,211	2,516
Unclaimed dividend		23,055	23,504
		520,294	462,247
COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		4,668,978	4,350,025

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Yutaka Arae	Fahim Kapadia	Saad Usman
Chairman	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
For The Year Ended June 30, 2019

	Note	2019	2018
		------- (Rupees in '000) -------	
Turnover – net	21	7,122,487	6,112,980
Cost of sales	22	(6,043,822)	(4,997,062)
Gross profit		1,078,665	1,115,918
Distribution cost	23	(128,681)	(118,783)
Administrative expenses	24	(228,443)	(207,076)
		(357,124)	(325,859)
Operating profit		721,541	790,059
Other expenses	25	(69,717)	(70,667)
Other income	26	153,881	54,180
Finance cost		(314)	(334)
		83,850	(16,821)
Profit before taxation		805,391	773,238
Taxation	27	(202,379)	(252,831)
Profit after taxation		603,012	520,407
		----------- (Rupees) -----------	
Earnings per share – basic and diluted	28	20.94	18.07

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Yutaka Arae	Fahim Kapadia	Saad Usman
Chairman	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended June 30, 2019

	2019	2018
	------- (Rupees in '000) -------	
Net profit for the year	603,012	520,407
Other comprehensive income	-	-
Total comprehensive income for the year	603,012	520,407

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Yutaka Arae	Fahim Kapadia	Saad Usman
Chairman	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended June 30, 2019

	Issued, Subscribed and paid-up Capital	Reserves: Capital reserve				
		Capital reserve	Revenue reserves		Total reserves	Total equity
		Share premium	General	Unapp-ropriated profit		
	--------------------(Rupees in '000)--------------------					
Balance as at June 30, 2017	**144,000**	**12,598**	**2,975,000**	**550,181**	**3,537,779**	**3,681,779**
Final dividend for the year ended June 30, 2017 @ Rs. 7.5/- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the year ended June 30, 2018 @ Rs. 4.0/- per share	-	-	-	(115,200)	(115,200)	(115,200)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the year	-	-	-	520,407	520,407	520,407
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	520,407	520,407	520,407
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)	-	-
Profit after taxation 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**

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Yutaka Arae	**Fahim Kapadia**	**Saad Usman**
Chairman	Chief Executive	Chief Financial Officer

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	29	126,680	568,860
Long-term deposits paid		(400)	-
Finance cost paid		(314)	(334)
Income tax paid		(297,097)	(289,178)
Net cash (used in) / generated from operating activities		(171,131)	279,348
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(222,633)	(111,243)
Proceeds from disposal of operating fixed assets		12,905	11,027
Short-term investments made in mutual fund - net		(52,347)	-
Profit received on short-term investments - term deposit receipts		16,606	39,408
Profit received on deposit accounts		11,856	9,023
Dividend received		118,690	-
Net cash used in investing activities		(114,923)	(51,785)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(326,954)	(326,442)
Net cash used in financing activities		(326,954)	(326,442)
Net decrease in cash and cash equivalents		(613,008)	(98,879)
Cash and cash equivalents at the beginning of the year	30	770,956	869,835
Cash and cash equivalents at the end of the year	30	157,948	770,956

The annexed notes from 1 to 41 form an integral part of these unconsolidated financial statements.

Yutaka Arae	Fahim Kapadia	Saad Usman
Chairman	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 as disclosed in note 15 to the 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 AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New standards, amendments and improvements effective during the year

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

IFRS 2: Share-based Payments: Classification and Measurement of Share Based Payments Transactions (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 IFRSs did not have any effect on these unconsolidated financial statements, except for IFRS 9 and IFRS 15 as explained below:

4.1.1 IFRS 9 Financial Instruments

The Company has applied IFRS 9 using modified retrospective approach with initial application date of 1 July 2018 as notified by the SECP. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The management of the Company has assessed and concluded that the Company is in compliance with the requirements of IFRS 9The new accounting policy in respect of financial instruments along with the impact on the classification of financial assets and impairment of financial assets is stated in note 5.8 to these unconsolidated financial statements.

4.1.2 IFRS 15 Revenue from Contracts with Customers

The Company has applied IFRS 15 using modified retrospective approach with initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 has not had any significant effects with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at 1 July 2018. Accordingly, the information presented for prior years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Company has assessed and concluded that the Company is in compliance with the requirements of IFRS 15. The new accounting policy in respect of revenue recognition is stated in note 5.15 to these unconsolidated financial statements.

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

The following standards, amendments and improvements with respect to the IFRSs 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 9 -- Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10 / IAS 28 -- Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
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 2019
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.

In addition to the above standards and amendments, improvements to various IFRSs have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 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 1 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, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and impairment loss except for freehold land and capital work in progress which are stated at cost.

Depreciation on 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.

5.2 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 8 to these unconsolidated financial statements.

5.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is determined by the weighted moving average cost method except for those in transit which are valued at actual cost. Provision is made for slow moving and obsolete items,(if any).

5.4 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 any obsolete items 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.

5.5 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.

5.6 Investment in a subsidiary company

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

5.7 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.

5.8 Financial instruments

5.8.1 Financial assets

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

Under IFRS 9, 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 previously classified as ‘loans and receivables’ are now classified as ‘amortised cost’. These 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.

5.8.2 Financial liabilities

There are no changes in classification and measurement for the Company's financial liabilities on the adoption of IFRS 9.

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 the unconsolidated statement of 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.

5.8.3 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.

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.

5.8.4 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 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 to 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 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.

Compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

5.11 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 and tax paid on final tax regime basis 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.

5.12 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.

5.13 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.

5.14 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 statement of financial position date. Exchange differences are taken to the unconsolidated statement of profit or loss.

5.15 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 customer.

Return on bank deposits / saving accounts is recognised on accrual basis.

Other income, if any, is recognized on accrual basis.

5.16 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.

5.17 Dividends and appropriation to reserve

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

5.18 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
-	determining the residual values and useful lives of property, plant and equipment	5.1 & 7
-	allowance for expected credit losses	5.5
-	provision for tax and deferred tax	5.11,18 & 27
-	warranty obligations	5.13 & 19.3
-	provision for employee benefits	5.10 & 19.2

	Note	2019	2018
		----(Rupees in '000)----	
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	733,836	644,258
Capital work-in-progress	7.5	52,768	23,365
		786,604	667,623

7.1 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

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at June 30, 2017	Additions / transfer /(disposals)	As at June 30, 2018	Depreciation rate	As at June 30, 2017	Charge for the year (Note 7.2)	On disposals	As at June 30, 2018	As at June 30, 2018
	---------- (Rupees in '000) ----------			%	------------------------ (Rupees in '000) ------------------------				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	189,672	-	189,672	10	87,902	10,177	-	98,079	91,593
Plant and machinery	947,823	56,876 690 (4,817)	1,000,572	10 – 20	453,383	55,474	(1,095)	507,762	492,810
Furniture and fittings	13,854	1,704	15,558	15	6,577	1,218	-	7,795	7,763
Vehicles	78,082	18,511 (13,186)	83,407	20	39,829	9,525	(8,830)	40,524	42,883
Office equipment	4,360	113	4,473	20	2,758	334	-	3,092	1,381
Computer equipment	30,599	1,222 (1,429)	30,392	33	26,323	1,674	(1,343)	26,654	3,738
Dies and tools	37,891	-	37,891	40	33,826	1,627	-	35,453	2,438
2018	1,303,933	78,426 690 (19,432)	1,363,617		650,598	80,029	(11,268)	719,359	644,258

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

7.2 Depreciation charge for the year has been allocated as follows :

	Note	2019	2018
Cost of sales	22	**78,696**	70,482
Distribution costs	23	**1,494**	1,528
Administrative expenses	24	**8,484**	8,019
		88,674	80,029

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

Location	Use of Immovable Property	Total Area
Mouza Baroot, Hub Chowki, Distt. Lasbella, Balochistan	Manufacturing Facility	18.4 acres

7.4 The following operating fixed assets were disposed off during the year having written down value (WDV) of Rs. 0.5 million or more:

	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
	----------- (Rupees in '000) -----------						
Plant and machinery							
Tractor MF650	1,209	161	1,048	900	(148)	Negotiation	Mr.Ikram Khan Niazi
Tractor LX 650	1,461	195	1,266	1,000	(266)	Negotiation	Mr.Mumtaz Khan
Tractor X 850	1,534	230	1,304	1,300	(4)	Negotiation	Syed Hasan Raza
Tractor X 854	1,778	267	1,511	1,300	(211)	Negotiation	Mr.Ghulam Khan
Tractor X 854	1,775	266	1,509	1,300	(209)	Negotiation	M/s. Banu Mukhtar
Vehicles							
Toyota Corolla	1,587	1,060	527	555	28	Company policy	Syed Nasr
	9,344	**2,179**	**7,165**	**6,355**	**(810)**		
Operating fixed assets having WDV less than Rs. 0.5 million	27,918	24,039	3,879	6,550	2,671	Various	Various
2019	**37,262**	**26,218**	**11,044**	**12,905**	**1,861**		
2018	**19,432**	**11,268**	**8,164**	**11,030**	**2,866**		

		Note	2019	2018
			----(Rupees in '000)----	
7.5	**Capital work in progress**			
	Plant and Machinery		**46,160**	23,365
	Building on freehold land		**6,608**	-
		7.5.1	**52,768**	23,365
7.5.1	**Movement in capital work-in-progress is as follows:**			
	As at July 01		**23,365**	690
	Capital expenditure incurred / advances made during the year		**47,581**	23,365
	Transfer to operating fixed assets during the year		**(15,528)**	(690)
	Charged off during the year		**(2,650)**	-
	As at June 30		**52,768**	23,365
8	**INTANGIBLE ASSET**			
	Cost			
	Opening as at July 1		**9,452**	-
	Additions during the year	8.1	**1,284**	9,452
	Closing Balance		**10,736**	9,452
	Accumulated amortisation			
	Opening as at July 1		**(1,589)**	-
	Charge for the year		**(2,496)**	(1,589)
	Closing Balance		**(4,085)**	(1,589)
	Net book value as at June 30		**6,651**	7,863
	Annual rate of amortisation		**20%**	20%

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

		Note	2019	2018
			----(Rupees in '000)----	
9	**LONG-TERM INVESTMENT**			
	Investment in a subsidiary company - at cost			
	Agriauto Stamping Company (Private) Limited	9.1	**1,144,006**	1,144,006

9.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs. 1,144.006 million (2018: Rs. 1,144.006 million) as at June 30, 2019. The Company holds 100 percent shares of the subsidiary company.

		Note	2019	2018
			----(Rupees in '000)----	
10	**LONG-TERM DEPOSITS**			
	Security deposits - considered good	10.1	**6,634**	6,234

10.1 Represents interest free deposits.

		Note	2019	2018
			----(Rupees in '000)----	
11	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**63,378**	44,511
	Spares		**39,569**	34,887
	Loose tools		**5,196**	3,780
			108,143	83,178
12	**STOCK-IN-TRADE**			
	Raw material		**781,482**	669,766
	Packing material		**3,475**	3,693
	Work-in-process		**43,441**	48,913
	Finished goods		**19,954**	33,173
	Goods-in-transit		**236,804**	208,697
			1,085,156	964,242

12.1 The write down of stock-in-trade to Net realizable value during the year amounted to Rs. 12.338 million (2018: Rs. 0.056 million).

12.2 The reversal of write down of stock-in-trade to Net realizable value during the year amounted to Rs. 7.806 million (2018: Rs. 24.68 million).

		Note	2019	2018
			----(Rupees in '000)----	
13	**TRADE DEBTS - unsecured**			
	Considered good	13.1 & 13.2	**669,222**	431,931
	Considered doubtful		**602**	595
	Allowance for expected credit losses		**(602)**	(595)
			-	-
			669,222	431,931

13.1 This includes an amount of Rs. 2.57 million (2018: Rs. 2.18 million) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary against sales made by the Company.

13.2 The amount due from the wholly owned subsidiary is neither passed due nor impaired. The maximum aggregate amount receivable from the wholly owned subsidiary at the end of any month during the year was Rs 4.20 million (2018: Rs 3.67 million).

		Note	2019	2018
			----(Rupees in '000)----	
14	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances – unsecured, considered good			
	Contractors		**15,606**	623
	Employees		**953**	655
	Suppliers		**12**	67
			16,559	1,345
	Deposits		**425**	215
	Prepayments			
	Insurance		**4,426**	3,391
	Rent		**3,810**	2,148
	Others		**2,688**	-
			10,924	5,539
	Other receivables - secured, considered good	14.1	**237,050**	-
			264,958	7,099

14.1 This includes an amount of Rs. 231.46 million (2018: Rs. Nil) receivable against LC margins.

14.2 These advances, trade deposits and other receivables are interest free.

	Note	2019	2018
		----(Rupees in '000)----	
15 SHORT-TERM INVESTMENTS			
At amortised cost			
Term deposit receipts	15.1	22,000	442,000
Treasury bills		-	98,692
Accrued profit thereon		53	2,868
		22,053	543,560
At fair value through profit or loss			
Mutual funds - open ended (5,323,943 units at NAV of Rs. 9.875 each)		52,576	-
		74,629	543,560

15.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate of 5.85% (2018: 5.50% to 6.00%) per annum and will mature by July 17, 2019.

	Note	2019	2018
		----(Rupees in '000)----	
16 CASH AND BANK BALANCES			
In hand		3	197
With banks in			
- current accounts		85,570	78,567
- deposit accounts	16.1 & 16.2	50,375	151,500
		135,945	230,067
		135,948	230,264

16.1 These carry profit rates ranging from 9.5% to 10.25% (2018: 4% to 4.50%) per annum.

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

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
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 fully paid bonus shares	30,000	30,000
28,800	28,800		144,000	144,000

17.1 Thal Limited - an associated company held 2,115,600 (2018: 2,115,600) ordinary shares of Rs. 5/- each in the Company as at the date of statement of financial position.

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

18 DEFERRED TAXATION

	Note	2019	2018
Taxable temporary differences arising due to:			
- accelerated tax depreciation		85,533	79,864
Deductible temporary differences arising due to:			
- provisions		(79,647)	(63,072)
		5,886	16,792

19 TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		90,993	72,019
Accrued liabilities		243,533	226,554
Royalty payable		17,041	13,181
Advance from customers		1,059	15,700
Payable to provident fund	19.1	2,369	1,870
Tax deducted at source		10,586	7,496
Workers' Profit Participation Fund	19.2	3,140	584
Workers' Welfare Fund		14,650	16,860
Warranty obligations	19.3	102,127	77,464
Others		4,530	4,499
		490,028	436,227

19.1 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	2019	2018
		----(Rupees in '000)----	

19.2 Workers' Profit Participation Fund

	Note	2019	2018
Balance at the beginning of the year		584	43,453
Allocation for the year	25	43,140	41,584
		43,724	85,037
Payment made during the year		(40,584)	(84,453)
Balance at the end of the year		3,140	584

19.3 Warranty obligations

	Note	2019	2018
Balance at the beginning of the year		77,464	58,730
Provision for the year	23	28,513	24,452
		105,977	83,182
Claims paid during the year		(3,850)	(5,718)
Balance at end of the year		102,127	77,464

20 COMMITMENTS

20.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 405.049 million (2018: Rs. 634.494 million).

20.2 Commitments in respect of capital expenditure amounting to Rs. 81.982 million (2018: Rs. 78.342 million).

20.3 Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.385 million (2018: Rs. 0.385 million).

	Note	2019	2018
		----(Rupees in '000)----	
21 TURNOVER – net			
Sales		8,340,194	7,164,751
Trade discount		(170)	(580)
Sales tax		(1,217,537)	(1,051,191)
		(1,217,707)	(1,051,771)
		7,122,487	6,112,980
22 COST OF SALES			
Raw material consumed			
Opening stock	12	669,766	540,069
Purchases		5,082,378	4,179,397
		5,752,144	4,719,466
Closing stock	12	(781,482)	(669,766)
		4,970,662	4,049,700
Manufacturing expenses			
Salaries, wages and benefits		448,039	399,431
Stores, spares and loose tools consumed		209,768	177,670
Fuel and power		70,586	76,290
Royalty and technical fees		36,475	34,965
Depreciation	7.2	78,696	70,482
Transportation and travelling		82,014	74,577
Repairs and maintenance		72,452	60,724
Packing material consumed		29,921	32,003
Rent, rates and taxes		6,251	6,382
Research and development costs		2,950	7,130
Insurance		3,470	2,829
Communications and professional fee		3,247	2,558
Printing and stationery		1,522	1,966
Others		9,078	5,374
		1,054,469	952,381
Work-in-process			
Opening stock	12	48,913	47,379
Closing stock	12	(43,441)	(48,913)
		5,472	(1,534)
Cost of goods manufactured		6,030,603	5,000,547
Finished goods			
Opening stock	12	33,173	29,688
Closing stock	12	(19,954)	(33,173)
		13,219	(3,485)
		6,043,822	4,997,062

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

Company name	Address	Relationship with the Company	2019	2018
			----- (Rupees in '000) -----	
KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	23,701	23,390
Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	993	831
Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	5,500	5,585

23 DISTRIBUTION COST

		2019	2018
Salaries, wages and benefits		19,529	16,600
Advertisement and sales promotion		40,095	38,736
Carriage and forwarding		33,127	32,410
Travelling and conveyance		3,220	2,803
Depreciation	7.2	1,494	1,528
Provision for warranty claims	19.3	28,513	24,452
Allowance / (reversal) for expected credit losses		7	(39)
Trade debts written-off		101	-
Rent, rates and taxes		263	206
Communications		541	210
Insurance		1,486	1,613
Repairs and maintenance		82	112
Others		223	152
		128,681	118,783

24 ADMINISTRATIVE EXPENSES

		2019	2018
Salaries, wages and benefits		83,349	70,103
Legal and professional charges		72,232	67,993
Travelling and conveyance		17,603	16,789
Repairs and maintenance		16,418	17,153
Depreciation	7.2	8,484	8,019
Security services		7,322	7,190
Communications and professional fee		3,724	5,369
Advertisement		607	585
Printing and stationery		3,767	1,749
Rent, rates and taxes		7,368	6,402
Utilities		1,699	1,451
Auditors' remuneration	24.1	1,630	1,519
Insurance		1,462	846
Others		2,778	1,908
		228,443	207,076

		Note	2019	2018
			----(Rupees in '000)----	
24.1	**Auditors' remuneration**			
	Audit fee for standalone financial statements		900	840
	Audit fee for consolidated financial statements		175	155
	Fee for review of half yearly financial statements		100	75
	Other certifications		250	260
	Out of pocket expenses		205	189
			1,630	1,519
25	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	19.2	43,140	41,584
	Workers' Welfare Fund		14,650	16,860
	Donations	25.1 & 25.2	11,927	12,223
			69,717	70,667

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

	Note	2019	2018
		----(Rupees in '000)----	
Habib Educational Trust		4,300	5,500
Mohammedali Habib Welfare Trust		4,000	4,200
Markaz-e-Umeed		1,500	50

25.2 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. 0.2 million (2018: Nil).

		Note	2019	2018
			----(Rupees in '000)----	
26	**OTHER INCOME**			
	Income from financial assets			
	Profit on:			
	- short-term investments - term deposit receipts and treasury bills		13,791	38,217
	- deposit accounts		12,156	8,925
		26.1	25,947	47,142
	Gain on disposal of short-term investments - mutual funds		229	-
	Unrealised gain on short-term investments- mutual funds		189	-
	Dividend income:			
	- Agriauto Stamping Company (Private) Limited		114,401	-
	- short-term investments - mutual funds		6,096	-
			120,497	-
	Income from non-financial assets			
	Gain on disposal of operating fixed assets	7.4	1,861	2,866
	Scrap sales		5,158	4,157
	Miscellaneous income		-	15
			7,019	7,038
			153,881	54,180

26.1 Represents profit earned under conventional banking relationship.

		Note	2019	2018
			----(Rupees in '000)----	
27	**TAXATION**			
	Current			
	For the year		199,068	238,556
	Prior		(140)	1,001
	Super tax		14,357	24,784
			213,285	264,341
	Deferred		(10,906)	(11,510)
			202,379	252,831
27.1	**Relationship between tax expense and accounting profit**			
	Profit before taxation		805,391	773,238
	Tax at the rate of 29% (2018: 30%)		233,563	231,971
	Tax effects of:			
	Expenses that are admissible in determining taxable profit		(25,388)	15,873
	Effect of previous year's tax charge		(140)	1,001
	Tax rebates		(10,021)	(9,288)
	Effect of changes in tax rate		914	-
	Deferred		(10,906)	(11,510)
	Super tax		14,357	24,784
			202,379	252,831

28 EARNINGS PER SHARE – basic and diluted

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

	2019	2018
Profit after taxation (Rs. in '000)	603,012	520,407
Weighted average number of ordinary shares outstanding during the year (shares in '000)	28,800	28,800
Basic earning per share (Rs.)	20.94	18.07

		Note	2019	2018
			----(Rupees in '000)----	
29	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		805,391	773,238
	Adjustments for:			
	Depreciation and amortisation	7.2 & 8	91,170	81,618
	Finance costs		314	334
	Allowance / (reversal) for expected credit losses		7	(39)
	Trade debts written off		101	-
	Profit on short-term investments - term deposit receipts and treasury bills	26	(13,791)	(38,217)
	Profit on deposit accounts	26	(12,156)	(8,925)
	Dividend income	26	(120,497)	-
	Capital work-in-progress charged off	7.5.1	2,650	-
	Gain on disposal of operating fixed assets	26	(1,861)	(2,866)
	Gain on disposal of short-term investments - mutual funds	26	(229)	-
			(54,292)	31,905
			751,099	805,143
	Decrease / (increase) in current assets			
	Stores, spares and loose tools		(24,965)	(21,251)
	Stock-in-trade		(120,914)	(218,420)
	Trade debts		(237,399)	(1,532)
	Advances, deposits, prepayments and other receivables		(256,052)	4,072
	Sales tax receivable		(38,890)	(3,827)
			(678,220)	(240,958)
	Decrease in current liabilities			
	Trade and other payables		53,801	4,675
			126,680	568,860
30	**CASH AND CASH EQUIVALENTS**			
	Short-term investments - term deposit receipts and treasury bills	15	22,000	540,692
	Cash and bank balances	16	135,948	230,264
			157,948	770,956

31 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:

31.1 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.

(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 increase the Company's profit after tax by Rs. 0.52 million (2018: Rs. 4.845 million) and a 1% decrease would result in the decrease in the Company's profit after tax 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, 2019, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

31.2 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	2019	2018
		----(Rupees in '000)----	
The maximum exposure to credit risk at reporting date is as follows:			
Long-term deposits	10	**6,634**	6,234
Trade debts	13	**669,222**	431,931
Deposits	14	**425**	215
Other receivables	14	**237,050**	-
Short-term investments	15	**74,629**	543,560
Bank balances	16	**135,945**	230,067
		1,123,905	1,212,007

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	2019	2018
		----(Rupees in '000)----	
Trade debts			
The analysis of trade debts is as follows:			
Neither past due nor impaired		**557,235**	345,793
Past due but not impaired – 30 to 90 days		**111,987**	86,138
		669,222	431,931
Bank balances			
Ratings			
A-1+		**135,945**	230,067
Short-term investments			
Ratings			
A-1+		**52,576**	540,692
AA(f)		**22,053**	-
		74,629	540,692

31.3 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.

	On demand	Less than 3 months	3 to 12 months	Total
	---------------------- (Rupees in '000)			----------------------
2019				
Trade and other payables	222,984	224,774	14,662	462,420
Unpaid dividend	7,211	-	-	7,211
Unclaimed dividend	23,055	-	-	23,055
	253,250	224,774	14,662	492,686

	On demand	Less than 3 months	3 to 12 months	Total
	---------------------- (Rupees in '000)			----------------------
2018				
Trade and other payables	197,741	195,400	16,860	410,001
Unpaid dividend	2,516	-	-	2,516
Unclaimed dividend	23,504	-	-	23,504
	223,761	195,400	16,860	436,021

32 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.

33 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 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)			----------------------
June 30, 2019				
Short-term investments - mutual funds	-	52,576	-	52,576
June 30, 2018	-	-	-	-

34 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

34.1 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:

	2019		2018	
	Chief executive	Executives	Chief executive	Executives
	(Rupees in '000)			
Managerial remuneration	18,149	45,497	13,895	28,463
Bonus	6,612	10,463	2,867	2,563
Retirement benefits	1,512	2,100	725	1,383
Utilities	-	138	179	81
Medical expenses	54	298	41	166
	26,327	58,496	17,707	32,656
Number of persons	1	12	1	7

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

34.3 Three non-executive directors (2018: Two) have been paid fees of Rs. 2.025 million (2018: Rs. 1.275 million) for attending board and other meetings.

35 TRANSACTIONS WITH RELATED PARTIES

35.1 Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. 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 Group	Nature of transaction	Percentage of shareholding in the Holding Company	2019	2018
			(Rupees in '000)	
Subsidiary (wholly owned)				
Agriauto Stamping Company (Private) Limited.	Sales	Nil	33,316	30,455
	Dividend received		114,401	-
Associated Companies (Common directorship)				
Auvitronics Limited	Purchase	Nil	2,149	1,026
TPL Direct Insurance Limited	Insurance premium	Nil	5,923	4,943
Shabbir Tiles & Ceramics Limited	Purchases	Nil	103	3,725
Retirement benefits fund				
Employees' Provident Fund	Contribution	Nil	10,426	7,867
Key management personnel	Remuneration and other benefits	Nil	39,254	28,075

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

35.2 Details of compensation to the key management personnel have been disclosed in the note 34 to the unconsolidated financial statements.

36 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.

37 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 (2018: 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% (2018: 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.

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

The Board of Directors in its meeting held on August 29, 2019 (i) approved the transfer of Rs. 300 million (2018: Rs.190 million) from unappropriated profits to general reserve and (ii) proposed cash dividend of Rs. 7.00 per share (2018: Rs. 8.50 per share) for the year ended June 30, 2019 amounting to Rs. 201.6 million (2018: Rs. 244.8 million) for approval of the members at the Annual General Meeting to be held on October 21, 2019.

39 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at June 30	709	712
Average number of employees during the year	709	714

40 GENERAL

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

41 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 29, 2019 by the Board of Directors of the Company.

Yutaka Arae	Fahim Kapadia	Saad Usman
Chairman	Chief Executive	Chief Financial Officer