



Half Yearly Report December 31,

2019

2019

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COMPANY INFORMATION

Board of Directors

Aamir H. Shirazi
Chairman

Ariful Islam
Director

Azam Faruque
Director

Bashir Makki
Director

Frahim Ali Khan
Director

Toru Furuya
Director

Ali H. Shirazi
President / Chief Executive

Abdullah Zaheer
Company Secretary

Audit Committee

Azam Faruque
Chairman

Bashir Makki
Member

Frahim Ali Khan
Member

Faiz Ullah Ghazi
Secretary & Head of Internal Audit

Human Resource and Remuneration Committee

Azam Faruque
Chairman

Bashir Makki
Member

Frahim Ali Khan
Member

Ahmar Waheed
Secretary

Management Committee

Ali H. Shirazi
President / Chief Executive

Ahmar Waheed
General Manager Human Resource

Mansoor Jamil Khan
General Manager Quality Assurance and
Technical Services

Mohsin Khan
General Manager Marketing

Qasim Imran Khan
General Manager Information Technology

Rizwan Ahmed
Chief Financial Officer

Sheikh Adeel-ur-Rehman
General Manager Supply Chain

Tehseen Raza
General Manager Plant

Auditors

ShineWing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Agha Faisal Barrister at Law
Mohsin Tayebaly & Co.

Tax Advisor

EY Ford Rhodes
Chartered Accountants

COMPANY INFORMATION

Bankers

Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
United Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt) Limited
Karachi Chambers, Hasrat Mohani Road,
Karachi
Tel: (021) 32424826 & 32469573
Fax: (021) 32424835
E-mail: shares@hmaconsultants.com.pk

Registered Office and Factory

D-181, Central Avenue, S.I.T.E.,
Karachi-75730
Tel: (021) 32567990-94
Fax: (021) 32564703

Karachi Sales Office

4-C, Khayaban-e-Tanzeem,
Tauheed Commercial, Phase V,
D.H.A., Karachi
Tel: (021) 35877911-15
Fax: (021) 35877916

Karachi Service Center

PPI Building, Near Sindh Secretariat, Karachi
Tel: (021) 32636057 & 32626478

Sukkur Sales Office and Service Center

Pak Memon Cooperative Housing Society
Limited, Opposite Abad Wheat Godown,
Shikarpur Road, Sukkur
Tel: (071) 5806124-26

Lahore Sales Office

Plaza No. 68/1, XX-Block, Khayaban-e-Iqbal,
Phase 3, D.H.A, Lahore
Tel: (042) 37186388-90

Lahore Service Center

Shop No. 1, E-24, Qureshi Market
Islam Nagar, Main Walton Road,
Lahore Cantt
Tel: (042) 36666064-65

Faisalabad Sales Office and Service Center

54 Chenab Market Madina Town, Faisalabad
Tel: (041) 8713127

Multan Sales Office

Azmat Wasti Road, Chowk Dera Adda,
Multan-60000
Tel: (061) 4548017

Multan Service Center

Shop No. 17, Khilji Arcade Near
Railway Station, Multan
Tel: (061) 4548020

Peshawar Sales Office and Service Center

First Floor, Zeenat Plaza, GT Road, Peshawar
Tel: (091) 2262485

Islamabad Sales Office

Plot No. 784/785, Islamabad Corporate
Center, Golra Road, Islamabad
Tel: (051) 5495638 & 5495788

Rawalpindi Service Center

New Naralla Market, Shop No. 3,
IJP Road, Near Metro Bus Station, Rawalpindi
Tel: (051) 4856515

Rahim Yar Khan Sales Office and Service Center

Makhdoom Altaf Road, West Sadiq,
Canal Bank, Near City School,
Rahim Yar Khan
Tel: (068) 5883415-7 & 5888068

Sahiwal Sales Office and Service Center

Plot No. 449-1, Ice Factory, Main GT Road,
Near Pakpattan Chowk, Sahiwal
Tel: (040) 4400445 & 4400545

Company Website

www.atlasbattery.com.pk

Email Address

abl@abl.atlas.pk

CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited condensed interim results of your Company for the half year ended December 31, 2019.

MACROECONOMIC OVERVIEW

Pakistan's economy is moving progressively along the adjustment path. Notwithstanding some encouraging signs, the macroeconomic variables have shown mixed performance. GDP growth is expected to remain contained at 2.8%. The moderation is a result of policy induced, demand-management measures initiated to contain the twin deficits. Despite multiple rounds of policy rate hikes, inflation has gradually risen and is expected to be around 12% in FY 2019-20, highest in the past six years. This is attributable to cost push factors like price increase in food items, devaluation of Pak Rupee, rationalization of energy tariffs and revenue led measures taken by the Government.

While the success of stabilization measures hinges upon multiple factors, the payoff has become noticeable in the form of declining twin deficits. Revenue collection recorded an increase of 16.95% during the first half, which was the result of several revenue and administrative measures adopted in last budget. On the external front, Pakistan's current account deficit contracted by 75% to USD 2.2 billion during the first half of FY 2019-20 as compared to the same period last year. This came on the back of import compression of 21%. Exports managed to post noticeable growth in volumetric terms. Remittances edged up by 3.3% during the first half of FY 2019-20. Shrinking CAD along with disbursements under Extended Fund Facility, ongoing Saudi oil facility and other inflows helped build SBP's foreign exchange reserves, which stood at USD 11.5 billion by end of December 2019. Aforementioned factors allowed Pak Rupee to achieve stability and regain some of its lost value against USD, which closed at Rs.155. With clearance of IMF's first review, the tide turned in the last quarter as PSX 100 Index recorded stellar gains and closed at 40,735 points.

In the agriculture sector, revised estimates for the Kharif season suggest that the production of important crops is likely to be well short of target. Costlier inputs, decline in area under cultivation, untimely rains and worst pest attacks on cotton crop held back output. The Rabi crop is expected to perform better on the back of improved weather conditions. Overall, the recovery in this sector is largely dependent on government's supportive measures and improved prices of agricultural products.

As the impact of macroeconomic stabilization measures intensified, the industrial sector continued to be sluggish. The overall confidence among businesses and consumers remained weak, as they struggled to preserve their purchasing power. On the whole, a number of industries within the large-scale manufacturing (LSM) struggled with inventory build-ups amid rising input costs. With gross margins squeezed and financing costs rising, firms scaled back their operations. As a result, a contraction of 6.0% was observed.

OPERATING RESULTS

During second quarter of FY 2019-20, your Company performed better and achieved sales of Rs.3,131 million as compared to Rs.2,722 million in the same quarter of last year, up 15.0%. This was mainly due to volume and change in sales mix in the replacement market. However, decrease in cost of sales was 1.4% from Rs.2,959 million to Rs.2,918 million resulting in gross profit of Rs.213 million as compared to loss of Rs.237 million during the same quarter of last year.

Operating expenses stood at Rs.174 million, decreased by Rs.16 million as compared to Rs.190 million in the corresponding quarter of last year. Resultantly, your Company achieved profit from operations of Rs.44 million as compared to loss of Rs.116 million during corresponding quarter. Finance cost increased to Rs.92 million from Rs.51 million.

The loss before tax for second quarter of FY 2019-20 was Rs.49 million as compared to loss of Rs.166 million in the corresponding quarter of last year. After providing Rs.50 million for taxation, the

loss after tax of your Company stood at Rs.98 million as compared to loss of Rs.215 million. Loss per share for the quarter was Rs.4.04 as compared to loss of Rs.8.84 for the same quarter of last year.

During first half of FY 2019-20, your Company achieved sales of Rs.6,647 million as compared to Rs.5,705 million in the same period of last year, up 16.5%. This was mainly due to volume and change in sales mix in the replacement market. Likewise, increase in cost of sales was 5.4% from Rs.5,897 million to Rs.6,215 million resulting in gross profit of Rs.432 million as compared to loss of Rs.192 million during the same period of last year.

Operating expenses stood at Rs.362 million, decreased by Rs.38 million as compared to Rs.400 million in the corresponding period of last year. Resultantly, your Company achieved profit from operations of Rs.77 million as compared to loss of Rs.273 million during corresponding period. Finance cost increased to Rs.138 million from Rs.99 million.

The loss before tax for first half of FY 2019-20 was Rs.60 million as compared to loss of Rs.372 million in the corresponding period of last year. After providing Rs.94 million for taxation, the loss after tax of your Company stood at Rs.155 million as compared to loss of Rs.446 million. Loss per share for the half year was Rs.6.35 as compared to loss of Rs.18.30 for the same period of last year.

FUTURE OUTLOOK

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During July-December of FY 2019-20, sales of locally manufactured cars, trucks, buses, tractors, etc. decreased by 43.0% to 84,793 units from 148,696 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) also witnessed decline of 12.1% to 799,820 units from 909,560 units during the corresponding period last year. Imposition of federal excise duty, weakened Pak Rupee, surging discount rate and other input cost have adversely affected the automotive industry.

The battery industry is likely to face continued competition in replacement market during second half of FY 2019-20 due to surplus capacity on one hand and shrinking market size on the other. Some of the battery manufacturers are habitually resorting to unfair trade practices which is creating uneven competition for law abiding companies. As such the uneven competition, low volume, particularly of heavy batteries, devaluation of Pak Rupee, high interest rates and inflationary pressures will continue to be faced by the Company.

Your Company is well aware of the challenges being faced and will leave no stone unturned to overcome this challenging environment. The improvement in human resource capabilities and value addition for shareholders is always a prime focus of your Company. I am sure that your Company will continue to focus on productivity and efficiency while meeting customers' desire for superior quality by following the principles of "The Atlas Way":

ع پیوستہ رہ شجر سے، امید بہار رکھ

ACKNOWLEDGEMENTS

I would like to thank our JV Partners GS Yuasa International Limited; Japan, Board of Directors, shareholders, bankers, vendors and customers for their continuous support and guidance. I also thank Mr. Ali H. Shirazi; President and Chief Executive of your Company and the management team for their dedication and commitment to achieve sustained growth year after year.

Amir H. Shirazi
Chairman

Ali H. Shirazi
President / Chief Executive

Karachi: February 24, 2020

مالی سال 2019-20 کی پہلی ششماہی کے دوران آپ کی کمپنی کی فروخت 6,647 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 5,705 ملین روپے کے مقابلے میں 16.5 فیصد زیادہ ہے۔ اس کی بنیادی وجہ متبادل مارکیٹ کی بیکس میں رونما ہونے والی تبدیلی ہے۔ اس طرح، فروخت کی لاگت 5.4 فیصد اضافے کے ساتھ 5,897 ملین روپے سے بڑھ کر 6,215 ملین روپے ہو گئی ہے۔ جس کے نتیجے میں کمپنی کو گزشتہ سال کی اس مدت میں 192 ملین روپے نقصان کے مقابلے میں 432 ملین روپے کا منافع ہوا۔

عمل کاری مصارف 38 ملین روپے کی کے ساتھ 362 ملین روپے پر موجود ہیں، جو کہ گزشتہ سال اسی مدت میں 400 ملین روپے تھا۔ نتیجتاً، آپ کی کمپنی نے آپریشن سے پچھلے سال ہونے والے 273 ملین روپے کے نقصان کے مقابلے میں 77 ملین روپے کا منافع حاصل کیا۔ مالیاتی اخراجات 99 ملین روپے سے بڑھ کر 138 ملین روپے ہو گئے۔

مالی سال 2019-20 کی پہلی ششماہی کے دوران قبل از ٹیکس نقصان 60 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 372 ملین روپے کا نقصان تھا۔ ٹیکس کی مد میں 94 ملین روپے فراہم کرنے کے بعد، آپ کی کمپنی کا بعد از ٹیکس نقصان 155 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 446 ملین روپے کا نقصان تھا۔ اس ششماہی میں فی ٹیکس نقصان 6.35 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران نقصان 18.30 روپے تھا۔

مستقبل کے خدو خال

آٹوموٹیو انڈسٹری میں بطور وینڈر، آپ کی کمپنی کی مصنوعات آٹوموٹیو انڈسٹری کی ترقی پر انحصار کرتی ہے۔ مالی سال 2019-20 کے جولائی سے دسمبر کے دوران، مقامی سطح پر تیار کردہ کاروں، بڑوں، بسوں وغیرہ کی فروخت 43.0 فیصد کی بعد 84,793 یونٹ ہو گئی جو کہ گزشتہ سال اسی مدت کے دوران 148,696 یونٹ تھی۔ مؤثر سائیکلوں اور تین بیہوں والی گاڑیاں (PAMA سے رجسٹرڈ ایکسلر ز) 12.1 فیصد کی بعد 799,820 یونٹ فروخت ہوئیں، جو کہ گزشتہ سال اسی مدت کے دوران 909,560 یونٹ فروخت ہوئی تھیں۔ فیڈرل ایکسائز ڈیوٹی کے نفاذ، پاکستانی روپے کی قدر میں کمی، زیادہ ڈسکاؤنٹ ریٹ اور دیگر لاگت کے اخراجات نے آٹوموٹیو انڈسٹری کو بری طرح متاثر کیا ہے۔

بیٹری انڈسٹری کے مالی سال 2019-20 کی دوسری شہماہی کے دوران متبادل مارکیٹ میں ایک طرف فاضل پیداواری صلاحیتوں کے سبب اور دوسری طرف مارکیٹ میں بیٹریوں کی طلب کے کم ہوتے حجم کے سبب توقع کی جاتی ہے کہ بیٹری انڈسٹری کو مشکل صورت حال کا سامنا کرنا پڑے گا۔ کچھ میٹوفیکچررز نے غیر منصفانہ تجارت کا سہارا لیا اور نتیجے میں اپنی مصنوعات پر وہ غیر معمولی ڈسکاؤنٹ پیش کر رہے ہیں، جو کہ ہماری جیسی قانون کی پاسداری کرنے والی کمپنیوں کے لیے ممکن نہیں ہے۔ اس طرح کا ناہموار مقابلہ ہم حجم بطور خاص بڑی بیٹریوں میں، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافے کے رجحان اور افراط زر کے دباؤ کے سبب کمپنی کو مستقل طور پر مشکلات کا سامنا کرنا پڑ سکتا ہے۔

آپ کی کمپنی تمام تر مشکلات سے بخوبی آگاہ ہے اور مشکل صورت حال سے نکلنے کے لیے تمام وسائل بروئے کار لائے گی۔ افرادی قوت کی صلاحیتوں میں اضافہ اور حصص یافتگان کے لیے قدر میں اضافہ بھی آپ کی کمپنی کی اولین ترجیح ہے۔ میں آپ کو یقین دلاتا ہوں کہ آپ کی کمپنی صارفین کو مطلوب اعلیٰ ترین معیار پر پورا اترنے کے لیے پیداواریت اور موثر کارکردگی پر توجہ مرکوز رکھے گی اور "The Atlas Way" کے اصولوں پر عمل پیرا ہوگی۔

ع پیو ستہ رہ شجر سے، امید بہار رکھ

انٹلر انٹیکر

میں اس موقع پر اپنے جوائنٹ ویچر پارٹنرز GS Yuasa انٹرنیشنل لمیٹڈ، جاپان، بورڈ آف ڈائریکٹرز، حصص یافتگان، بینکار، فروخت کار (ڈینڈرز) اور صارفین کو ان کی مسلسل حمایت اور ا رہنمائی پر تہ دل سے شکر یہ ادا کرتا ہوں۔ میں اس کے ساتھ ساتھ آپ کی کمپنی کے صدر اور چیف ایگزیکٹو آفیسر جناب علی انجی شیرازی اور انتظامیہ کے تمام اراکین کا دلجمعی اور محنت کے ساتھ کام کرنے پر شکر یہ ادا کرتا ہوں۔


علی انجی شیرازی
پریزیڈنٹ / چیف ایگزیکٹو


عامر چیشتری
چیئر مین

کراچی: 24 فروری، 2020

چیمبرین کا جائزہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے لیے آپ کی کمپنی کے غیر پڑتال شدہ عبوری مالیاتی نتائج پیش کر رہا ہوں۔

معاشی معیشت کا جائزہ

پاکستان کی معیشت استحکام کے راستے پر ترقی کے ساتھ آگے بڑھ رہی ہے۔ کچھ حوصلہ افزا اعلانات کے باوجود معاشی متغیرات نے مخلوط کارکردگی کا مظاہرہ کیا ہے۔ توقع ہے کہ شرح نمو 2.8 فیصد پر برقرار رہے گی۔ یہ اعتدال پسندی بہتر پالیسی، مقامی طلب و انتظام کے اقدامات کا نتیجہ ہے جس کے باعث دوہرے خسارے پر قابو پایا جاسکتا ہے۔ پالیسی ریٹ میں اضافے کے متعدد راؤنڈز کے باوجود، افراط زر میں ہندرتج اضافہ ہو رہا ہے اور مالی سال 20-2019 میں 12 فیصد تک اضافے کا خدشہ ظاہر کیا جا رہا ہے جو کہ گزشتہ چھ سالوں میں سب سے زیادہ ہے۔ اس کا سبب ایشیا خوردونوش کی قیمتوں میں اضافہ، پاکستانی روپے کی قدر میں کمی، توانائی کے نرخوں کی نظام سازی اور حکومت کی جانب سے لیے گئے آمدنی کے لیے اٹھائے اقدامات ہیں۔

اگرچہ اسکاکی اقدامات کی کامیابی متعدد عوامل پر منحصر ہے لیکن دوہرے خسارے میں کمی کے باعث ادائیگی میں نمایاں بہتری دیکھنے میں آئی ہے۔ پہلی ششماہی کے دوران آمدنی کی وصولی میں %16.95 کا اضافہ ریکارڈ کیا گیا جو کہ گزشتہ بجٹ میں اختیار کردہ متعدد آمدنی اور انتظامی اقدامات کا نتیجہ ہے۔ بیرونی محاذ پر، گزشتہ سال اسی مدت کے مقابلے میں مالی سال 20-2019 کی پہلی ششماہی کے دوران پاکستان کا کرنٹ اکاؤنٹ خسارہ 75 فیصد کمی کے ساتھ 2.2 بلین امریکی ڈالر پر آ گیا ہے۔ جس کی وجہ درآمدات میں 21 فیصد کمی کی ہے۔ جبکہ برآمدات حجم کی بنیاد پر قابل ذکر نمو ظاہر کرنے میں کامیاب رہا ہے۔ ترسیلات زر میں مالی سال 20-2019 کے پہلی ششماہی کے دوران 3.3 فیصد کا اضافہ ہوا۔ توسیعی فنڈ کی سہولت، سعودی تیل کی سہولت اور دیگر آمدنی کے بہاؤ کے تحت CAD میں کمی کے باعث اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر کے اضافے میں مدد ملی، جو دسمبر 2019 کے اختتام تک 11.5 بلین امریکی ڈالر ہے۔ مذکورہ بالا عوامل کے باعث پاکستانی روپے نے استحکام کی جانب قدم اٹھایا اور امریکی ڈالر کے مقابلے میں کچھ کمزور ہوئی قدر بحال کی، جس کے تحت پاکستانی روپیہ 155 روپے پر بند ہوئی۔ آئی ایم ایف کے پچھلے جائزے کی منظوری کے ساتھ، آخری سہ ماہی میں زبردست تبدیلی دیکھنے میں آئی اور پی ایس ایفکس 100 انڈیکس میں شاندار اضافہ ریکارڈ کیا گیا جو کہ 40,735 پوائنٹس پر بند ہوا۔

زراعت کے شعبے میں، خریف میں موسم کے لیے نظر ثانی شدہ تخمینوں کے تحت ظاہر کیا گیا ہے کہ اہم فصلوں کی پیداوار برف سے کم رہے گی۔ یہ پہلی زرعی مصنوعات، زراعت رقبے میں کمی، بے موقع بارشوں اور کپاس کی فصل پر کیڑوں و مکوڑوں کے بدترین حملوں کا نتیجہ ہے۔ توقع ہے کہ بہتر موسمی صورت حال کے پیش نظر بیج کی فصل بہتر کارکردگی کا مظاہرہ کرے گی۔ مجموعی طور پر، اس شعبے میں بحالی کا دارومدار بڑی حد تک حکومتی معاون اقدامات اور زرعی مصنوعات کی بہتر قیمتوں پر منحصر ہے۔

معاشی استحکام کے اقدامات کے اثرات میں تیزی کے باعث صنعتی شعبہ تاحال سست روی کا شکار ہے۔ کاروباری اداروں اور صارفین کے درمیان مجموعی طور پر اعتماد کمزور رہا ہے کیونکہ انہیں اپنی قوت خرید کو بچانے کے لیے مشکلات کا سامنا کرنا پڑ رہا ہے۔ مجموعی سطح پر بڑے پیمانے پر مینوفیکچرنگ سیکٹر کے اندر متعدد صنعتوں کو بڑھتی ہوئی لاگت کی قیمتوں کے درمیان تیسرات کو بڑھانے میں مشکلات درپیش ہیں۔ صنعتوں نے مجموعی اہداف میں کمی اور مالی اخراجات میں اضافے کے ساتھ اپنے آپریٹنگ کو محدود کر دیا ہے۔ جس کے نتیجے میں 6.0 فیصد کمی دیکھی گئی۔

آپریٹنگ نتائج

مالی سال 20-2019 کے دوسری سہ ماہی کے دوران، آپ کی کمپنی نے بہتر کارکردگی کا مظاہرہ کیا اور 3,131 ملین روپے کی فروخت حاصل کی جو کہ گزشتہ سال اسی سہ ماہی کے دوران 2,722 ملین روپے کی فروخت کے مقابلے میں 15.0 فیصد زیادہ ہے۔ اس کی بنیادی وجہ تھنڈل مارکیٹ کی سیکڑکس میں رونما ہونے والی تبدیلی ہے۔ اس طرح، فروخت کی لاگت 1.4 فیصد کمی کے ساتھ 2,918 ملین روپے رہی جو کہ گزشتہ سال 2,959 ملین روپے تھی۔ جس کے نتیجے میں 213 ملین روپے کا مجموعی منافع ہوا جبکہ گزشتہ سال اسی مدت کے دوران 237 ملین روپے کا نقصان ہوا تھا۔

عمل کاری مصارف 16 ملین روپے کی کمی کے ساتھ 174 ملین روپے ہو گئے جو کہ گزشتہ سال کی اسی مدت کے دوران 190 ملین روپے تھے۔ نتیجتاً آپ کی کمپنی کو اس سہ ماہی میں گزشتہ سال کے 116 ملین روپے نقصان کے مقابلے میں آپریشن سے 44 ملین روپے کا منافع حاصل ہوا۔ مالیاتی اخراجات 51 ملین روپے سے بڑھ کر 92 ملین روپے ہو گئے ہیں۔

مالی سال 20-2019 کی دوسری سہ ماہی کے لیے قبل از ٹیکس نقصان 49 ملین روپے رہا جبکہ گزشتہ سال اسی سہ ماہی کے دوران نقصان 166 ملین روپے تھا۔ ٹیکس کی مدد 50 ملین روپے فراہم کرنے کے بعد، آپ کی کمپنی کا ٹیکس کے بعد نقصان 98 ملین روپے ہو گیا جو کہ گزشتہ سال اسی مدت کے دوران 215 ملین روپے تھا۔ اس سہ ماہی کے لیے فی شخص نقصان 4.04 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران فی شخص نقصان 8.84 روپے تھا۔

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ATLAS BATTERY LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statements of financial position of Atlas Battery Limited as at December 31, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Raheel Ahmed.



SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi: February 24, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Un-audited December 31, 2019	Audited June 30, 2019	
Note	----- (Rupees in '000) -----		
ASSETS			
Non current assets			
Property, plant and equipment	5	3,954,389	3,924,958
Intangible assets		73	160
Investments		-	-
Long term loans		1,716	1,289
Long term deposits		20,281	20,281
		<u>3,976,459</u>	<u>3,946,688</u>
Current assets			
Stores, spares and loose tools		214,107	225,331
Stock-in-trade	6	2,673,155	1,760,092
Trade debts	7	1,754,297	1,096,449
Loans and advances		8,963	4,887
Deposits and prepayments	8	69,744	24,400
Investments	9	132,938	127,055
Other receivables		6,408	8,399
Sales tax receivable - net		37,748	-
Taxation - net		568,160	594,968
Bank balances		302,556	423,649
		<u>5,768,076</u>	<u>4,265,230</u>
Total assets		<u>9,744,535</u>	<u>8,211,918</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (June 30, 2019: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid up capital			
24,359,676 (June 30, 2019: 24,359,676) ordinary shares of Rs.10 each		243,597	243,597
Revenue Reserve			
General reserve		5,037,500	5,037,500
Accumulated loss		(744,025)	(589,274)
		4,293,475	4,448,226
Capital Reserve			
Surplus on revaluation of leasehold land		589,186	589,186
Total Equity		5,126,258	5,281,009
Liabilities			
Non current liabilities			
Lease liabilities		65,505	-
Long term loan	10	500,000	-
Staff retirement benefits		69,410	69,345
Deferred taxation		238,879	246,580
		873,794	315,925
Current liabilities			
Trade and other payables		1,175,716	1,037,880
Sales tax payable - net		-	87,717
Accrued mark-up		84,290	43,385
Short term borrowings	11	2,438,954	1,408,152
Current portion of lease liabilities		9,611	-
Unclaimed dividend		35,912	37,850
		<u>3,744,483</u>	<u>2,614,984</u>
Total liabilities		4,618,277	2,930,909
Contingencies and commitments	12		
Total equity and liabilities		<u>9,744,535</u>	<u>8,211,918</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.


Aamir H. Shirazi
Chairman


Ali H. Shirazi
President / Chief Executive


Rizwan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Sales - net		3,131,270	2,722,046	6,647,059	5,705,143
Cost of sales	13	(2,918,338)	(2,958,888)	(6,214,868)	(5,897,327)
Gross profit / (loss)		212,932	(236,842)	432,191	(192,184)
Distribution cost		(134,132)	(131,406)	(276,141)	(278,352)
Administrative expenses		(40,222)	(58,567)	(85,864)	(122,126)
Other income	14	7,417	332,485	13,834	347,396
Other expenses		(2,469)	(21,384)	(6,721)	(27,952)
Profit / (loss) from operations		43,526	(115,714)	77,299	(273,218)
Finance cost		(92,324)	(50,680)	(137,691)	(98,839)
Loss before taxation		(48,798)	(166,394)	(60,392)	(372,057)
Taxation		(49,572)	(49,054)	(94,359)	(73,674)
Loss after taxation		(98,370)	(215,448)	(154,751)	(445,731)
Other comprehensive income		-	-	-	-
Total comprehensive loss		<u>(98,370)</u>	<u>(215,448)</u>	<u>(154,751)</u>	<u>(445,731)</u>
		----- (Rupees) -----		----- (Rupees) -----	
Basic and diluted loss per share	15	<u>(4.04)</u>	<u>(8.84)</u>	<u>(6.35)</u>	<u>(18.30)</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.


Aamir H. Shirazi
Chairman


Ali H. Shirazi
President / Chief Executive


Rizwan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up capital	Revenue Reserve		Capital Reserve	Total
		General reserve	Unappro- riated profit / (accumu- lated loss)	Surplus on revaluation of leasehold land	
----- (Rupees in '000) -----					
Balance as at July 1, 2018	173,998	4,697,500	589,307	193,886	5,654,691
Transfer to general reserve	-	340,000	(340,000)	-	-
Transactions with owners, recognised directly in equity					
Cash dividend for the year ended June 30, 2018 at the rate of Rs.10 per share	-	-	(173,998)	-	(173,998)
Bonus shares at the rate of 40% issued during the period	69,599		(69,599)	-	-
Total comprehensive income for the half year ended December 31, 2018					
Loss for the period	-	-	(445,731)	-	(445,731)
Other comprehensive income	-	-	-	-	-
	-	-	(445,731)	-	(445,731)
Balance as at December 31, 2018	243,597	5,037,500	(440,021)	193,886	5,034,962
Total comprehensive income for six months period ended June 30, 2019					
Loss for the period	-	-	(146,732)	-	(146,732)
Other comprehensive (loss) / income	-	-	(2,521)	395,300	392,779
	-	-	(149,253)	395,300	246,047
Balance as at June 30, 2019	243,597	5,037,500	(589,274)	589,186	5,281,009
Total comprehensive loss for the half year ended December 31, 2019					
Loss for the period	-	-	(154,751)	-	(154,751)
Other comprehensive income	-	-	-	-	-
	-	-	(154,751)	-	(154,751)
Balance as at December 31, 2019	243,597	5,037,500	(744,025)	589,186	5,126,258

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.


Aamir H. Shirazi
Chairman


Ali H. Shirazi
President / Chief Executive


Rizwan Ahmed
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31,	
	2019	2018
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(60,392)	(372,057)
Adjustments for non-cash charges and other items:		
Depreciation	151,275	155,488
Amortisation	87	488
Provision for gratuity	3,604	2,183
Provision for compensated leave absences	2,704	11,633
Gain on sale of investments at fair value through profit or loss	(10)	(4,450)
Dividend income	(18)	(7,905)
Fair value gain on investments at fair value through profit or loss	(7,960)	(2,531)
Gain on sale of operating fixed assets	(62)	(327,439)
Provision for doubtful debts	5,300	350
Finance cost	137,691	98,839
	232,219	(445,401)
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	11,224	(16,617)
Stock-in-trade	(913,063)	906,719
Trade debts	(663,148)	(334,060)
Loans and advances	(4,076)	2,724
Deposits and prepayments	(45,344)	(81,760)
Other receivables	1,991	4,368
Sales tax receivable - net	(125,465)	13,408
	(1,737,881)	494,782
Increase / (decrease) in current in current liabilities		
Trade and other payables	143,382	(622,587)
	(1,594,499)	(127,805)
Cash used in operations	(1,362,280)	(573,206)
Finance cost paid	(96,786)	(68,321)
Income taxes paid (including tax deducted at source)	(75,252)	(111,334)
Gratuity paid	(9,005)	(13,890)
Compensated leave absences paid	(2,785)	(3,650)
Long term loans - net	(427)	328
	(184,255)	(196,867)
Net cash used in operating activities - carried forward	(1,546,535)	(770,073)

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended December 31,	
	2019	2018
	----- (Rupees in '000) -----	
Net cash used in operating activities - brought forward	(1,546,535)	(770,073)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(111,826)	(426,489)
Proceeds from sale of property, plant and equipment	5,935	666,250
Payment for investments	(15)	(124,777)
Proceeds from sale of investments	2,103	873,090
Dividend received	18	7,905
Net cash (used in) / generated from investing activities	(103,785)	995,979
CASH FLOWS FROM FINANCING ACTIVITIES		
Leases - net	363	-
Long term loan	500,000	-
Short term borrowings - net	1,030,802	(155,288)
Dividend paid	(1,938)	(169,335)
Net cash generated from / (used in) financing activities	1,529,227	(324,623)
Net decrease in cash and cash equivalents	(121,093)	(98,717)
Cash and cash equivalents - at beginning of the period	423,649	381,180
Cash and cash equivalents - at end of the period	302,556	282,463

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.


Aamir H. Shirazi
Chairman


Ali H. Shirazi
President / Chief Executive


Rizwan Ahmed
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is engaged in manufacturing and sale of automotive, motorcycle batteries and allied products. The registered office and manufacturing facilities are located at D-181, Central Avenue, S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar, Sukkur and Rahim Yar Khan. The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 58.86% (June 30, 2019: 58.86%) of issued, subscribed and paid-up capital of the Company as at December 31, 2019.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2019.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended June 30, 2019.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending June 30, 2020.

The Company has adopted IFRS 16 'Leases' from July 1, 2019. A number of other new standards are effective from July 1, 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 'Leases' primarily affects the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors does not significantly changed. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease 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 has applied IFRS 16 using the modified retrospective approach. Under this approach, the cumulative effect of initial application to be recognized in retained earnings at July 1, 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below:

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16 the Company recognizes right to use assets and lease liabilities for leases - i.e. these leases are on the statement of financial position. On initial application, the Company has 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'), and lease contracts for which the underlying asset is of low value ('low-value assets'). Some lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Company concluded that such contracts are short-term in nature. The Company recognizes the lease payments associated with these leases as an expense in statement of profit or loss.

The Company presents right to use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns (Note 5.1 and 5.5). The Company present its lease liabilities as a separate line item in the statement of financial position.

The Company recognizes a right to use asset and a lease liability at the lease commencement date. The right to use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. At transition, the Company recognised right to use assets equal to the present value of lease payments.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2019.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited December 31, 2019	Audited June 30, 2019
---- (Rupees in '000) ----			
Operating fixed assets	5.1	3,272,812	3,352,171
Right to use asset	5.5	72,627	-
Capital work-in-progress	5.6	608,950	572,787
		<u>3,954,389</u>	<u>3,924,958</u>
5.1 Operating fixed assets			
Net book value at beginning of the period / year		3,352,171	3,334,426
Additions during the period / year	5.2	75,663	716,316
Disposals costing Rs.10,263 thousand (June 30, 2019: Rs.425,241 thousand)			
- at net book value	5.3	(5,873)	(382,208)
Depreciation charged during the period / year		(149,149)	(316,363)
Net book value at end of the period / year	5.4	<u>3,272,812</u>	<u>3,352,171</u>

	Note	Un-audited December 31, 2019	Audited June 30, 2019
---- (Rupees in '000) ----			
5.2	Revaluation / additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:		
	Revaluation of leasehold land	-	395,300
	Buildings on leasehold land	32,983	120,482
	Plant and machinery	25,334	131,259
	Office equipment	75	579
	Computers and accessories	7,796	8,969
	Furniture and fixtures	56	10,792
	Air conditioners	240	5,458
	Vehicles	9,179	43,477
		<u>75,663</u>	<u>716,316</u>
5.3	Disposals during the period / year:		
	Leasehold land	-	322,140
	Plant and machinery	-	33,538
	Computers and accessories	24	127
	Furniture and Fixtures	-	9
	Air conditioners	-	42
	Vehicles	5,849	26,352
		<u>5,873</u>	<u>382,208</u>
5.4	Plant and machinery includes dies and moulds:		
	- Atlas Autos (Private) Limited, a related party [aggregate cost Rs.32,552 thousand (June 30, 2019: Rs.17,610 thousand)]	28,438	14,468
	- Others [aggregate cost Rs.108,401 thousand (June 30, 2019: Rs.103,246 thousand)]	59,429	57,395
		<u>87,867</u>	<u>71,863</u>
These are held by various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.			
		Un-audited December 31, 2019	Audited June 30, 2019
---- (Rupees in '000) ----			
5.5	Right to use assets		
	Amount recognised on initial application	74,753	-
	Depreciation charged during the period	(2,126)	-
	Net book value at end of the period	<u>72,627</u>	<u>-</u>
5.6	Capital work-in-progress		
	Buildings on leasehold land	398,728	396,102
	Plant and machinery	196,724	168,096
	Computers and accessories	848	2,078
	Furniture and fixtures	3,000	3,040
	Air conditioners	1,452	1,453
	Vehicles	6,038	-
	Intangible assets	2,160	2,018
		<u>608,950</u>	<u>572,787</u>
5.7	Includes Rs.5,710 thousand and Rs.328 thousand advance payment made to Honda Atlas Cars (Pakistan) Limited and Atlas Honda Limited, related parties, for purchase of vehicles and Rs.Nil (June 30, 2019: Rs.52,185 thousand) to Atlas Global FZE, a related party, for purchase of plant and machinery.	5.7	

6. STOCK-IN-TRADE	Note	Un-audited December 31, 2019 ---- (Rupees in '000) ----	Audited June 30, 2019
Raw materials and components:			
- in hand		1,330,465	557,726
- with third parties	6.1	27,965	31,924
		<u>1,358,430</u>	<u>589,650</u>
Work-in-process		723,160	695,094
Finished goods		573,608	474,704
Items in transit		17,957	644
		<u>2,673,155</u>	<u>1,760,092</u>
6.1	Includes raw materials amounting to Rs.6,537 thousand held with Atlas Autos (Private) Limited, a related party (June 30, 2019: Rs.9,825 thousand held with Atlas Aluminium (Private) Limited, a related party) for further processing into parts to be supplied to the Company.		
6.2	Stock in trade and trade debts upto maximum amount of Rs.5,534,020 thousand (June 30, 2019: Rs.5,534,020 thousand) are under hypothecation of commercial banks as security for short term borrowings.		
7. TRADE DEBTS - Unsecured		Un-audited December 31, 2019 ---- (Rupees in '000) ----	Audited June 30, 2019
Consider good			
Associated Companies		77,219	74,550
Others		1,677,078	1,021,899
		<u>1,754,297</u>	<u>1,096,449</u>
Consider doubtful			
Others		19,144	13,844
		<u>1,773,441</u>	<u>1,110,293</u>
Provision for doubtful debts		(19,144)	(13,844)
		<u>1,754,297</u>	<u>1,096,449</u>
8. DEPOSITS AND PREPAYMENTS			
Include prepayments of Rs.63,406 thousand (June 30, 2019: Rs.7,123 thousand) in respect of renewals of insurance policies, rental agreements and other expenses.			
9. INVESTMENTS - at fair value through profit or loss		Un-audited December 31, 2019 ---- (Rupees in '000) ----	Audited June 30, 2019
Investments in units of mutual funds:			
- Related parties		-	2,077
- Others		132,938	124,978
		<u>132,938</u>	<u>127,055</u>
10. LONG TERM LOAN - Secured			
The Company has obtained term finance amounting to Rs.500,000 thousand from a commercial bank. The loan carries mark-up at the rate of 6 months KIBOR plus 0.6% and is secured against first pari passu hypothecation charge on existing and future plant & machinery with 25% margin. The tenure of the loan is five years from the date of disbursement (November 27, 2019) and is repayable in 8 equal bi-annual installments with a grace period of one year.			
11. SHORT TERM BORROWING - Secured		Un-audited December 31, 2019 ---- (Rupees in '000) ----	Audited June 30, 2019
Running finances / musharakah		1,869,706	1,408,152
Murabaha / musawamah		569,248	-
		<u>2,438,954</u>	<u>1,408,152</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Except for the note 12.1.2, there is no significant change in status of the contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended June 30, 2019.

12.1.2 With regard to matters reported in note 25.1.5, 25.1.7 and 25.1.8 of the audited annual financial statements of the Company for the year ended June 30, 2019 the Appellate Tribunal Inland Revenue (ATIR) on July 30, 2019 has remanded back the issue of non-deduction of tax on trade discount allowed to dealers for respective tax years with the direction to the income tax authorities to examine the issue afresh. The tax department has initiated the remand back proceedings and the Company is in the process of submission of relevant information.

	Un-audited December 31, 2019 ---- (Rupees in '000) ----	Audited June 30, 2019
12.2 Outstanding bank guarantees	115,711	105,711
12.3 Commitments		
In respect of confirmed letters of credit relating to:		
- raw materials, stores, spares and loose tools	173,183	130,042
- capital expenditure	7,775	17,731
In respect of capital expenditure other than through letters of credit	51,379	58,675
	<u>232,337</u>	<u>206,448</u>

13. COST OF SALES

Note	----- Un-audited -----			
	Quarter ended December 31,		Half year ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
Opening stock of finished goods	425,302	946,293	474,704	1,411,039
Cost of goods manufactured	2,974,402	2,541,885	6,118,367	4,958,830
Purchases during the period	92,242	-	195,405	56,748
	3,491,946	3,488,178	6,788,476	6,426,617
Closing stock of finished goods	(573,608)	(529,290)	(573,608)	(529,290)
	<u>2,918,338</u>	<u>2,958,888</u>	<u>6,214,868</u>	<u>5,897,327</u>
13.1 Cost of goods manufactured				
Opening work-in-process	708,811	535,848	695,094	687,340
Raw materials and components consumed	2,273,899	1,736,581	4,695,446	3,223,437
Factory overheads	714,852	797,643	1,450,987	1,576,240
	2,988,751	2,534,224	6,146,433	4,799,677
	3,697,562	3,070,072	6,841,527	5,487,017
Closing work-in-process	(723,160)	(528,187)	(723,160)	(528,187)
	<u>2,974,402</u>	<u>2,541,885</u>	<u>6,118,367</u>	<u>4,958,830</u>
14. OTHER INCOME				
Dividend income	-	-	18	7,905
Gain on sale of investments at fair value through profit or loss	-	-	10	4,450
Exchange gain	1,148	-	1,148	-
Fair value gain on investments at fair value through profit or loss	4,045	2,238	7,960	2,531
Scrap sales	2,186	2,808	4,636	5,071
Gain on sale of operating fixed asset	38	327,439	62	327,439
	<u>7,417</u>	<u>332,485</u>	<u>13,834</u>	<u>347,396</u>

15. LOSS PER SHARE

	(Un-audited)			
	Quarter ended December 31,		Half year ended December 31,	
	2019	2018	2019	2018
	----- (Rupees in '000) -----			
15.1 Basic loss per share				
Net loss for the period	(98,370)	(215,448)	(154,751)	(445,731)
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	24,359,676	24,359,676	24,359,676	24,359,676
	----- (Rupees) -----			
Basic and diluted loss per share	(4.04)	(8.84)	(6.35)	(18.30)

15.2 A diluted loss per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2019 and December 31, 2018 which would have any effect on the earnings per share if the option to convert is exercised.

16. FINANCIAL RISK MANAGEMENT

16.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

The condensed interim financial statements does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2019.

There have been no changes in the risk management policies since the year end.

16.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in these condensed interim financial statements are a reasonable approximation of their fair values.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	132,938	-	-	132,938

There was no transfers amongst the levels and any change in valuation techniques during the period.

17. TRANSACTIONS WITH RELATED PARTIES

17.1 Significant transactions with related parties are as follows:

	----- Un-audited ----- December 31, 2019 2018 ---- (Rupees in '000) ----	
Holding Company		
Rent / service charges paid	59,905	59,905
Dividend paid	-	102,417
Bonus shares issued	-	40,967
Sale of operating fixed assets	-	650,000
Expenses charged	-	1,189
Associated Companies		
Sale of:		
- goods	361,578	495,399
- operating fixed assets	2,512	2,345
Purchases of:		
- goods and services	115,008	3,149,402
- operating fixed assets	2,321	20,479
Rent / service charges paid	7,278	6,350
Reimbursement of expenses	3,048	2,627
Expenses charged	766	-
Insurance premium	60,488	108,080
Insurance claims	7,552	16,529
Purchase of units in mutual funds	15	3,200
Sale of units in mutual funds	2,103	755,031
Dividend received	18	3,764
Dividend paid	-	32,332
Bonus shares issued	-	12,933
Royalty and technical fee	69,579	64,882
Donation paid	-	8,417
Contribution to pension funds	6,620	7,048
Other related parties		
Contribution paid to:		
- gratuity fund	9,005	13,891
- provident fund	2,835	3,054
Key Management Personnel		
- salaries and other short term employment benefits	33,332	61,386
- sale of operating fixed asset	44	-

17.2 Period / year end balances of related parties other than disclosed any where else are as follows:

	Un-audited December 31, 2019	Audited June 30, 2019
	---- (Rupees in '000) ----	
Receivables from related parties		
Deposits and prepayments	50,286	-
Other receivables	4,091	6,082
Payables to related parties		
Staff retirement benefits	20,171	20,333
Trade and other payables	218,104	170,860

These are in the normal course of business.

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2019, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the Company for the period ended December 31, 2018. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements was authorized for issue on February 24, 2020 by the Board of Directors of the Company.



Aamir H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Rizwan Ahmed
Chief Financial Officer

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