

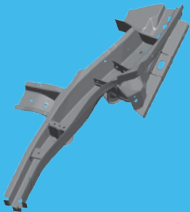
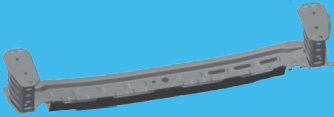
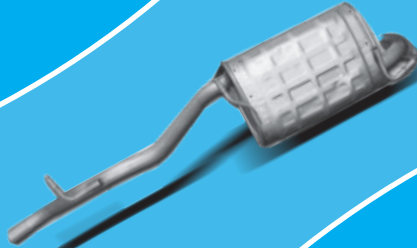
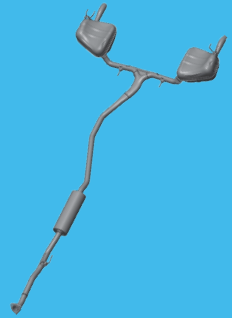


Loads Limited

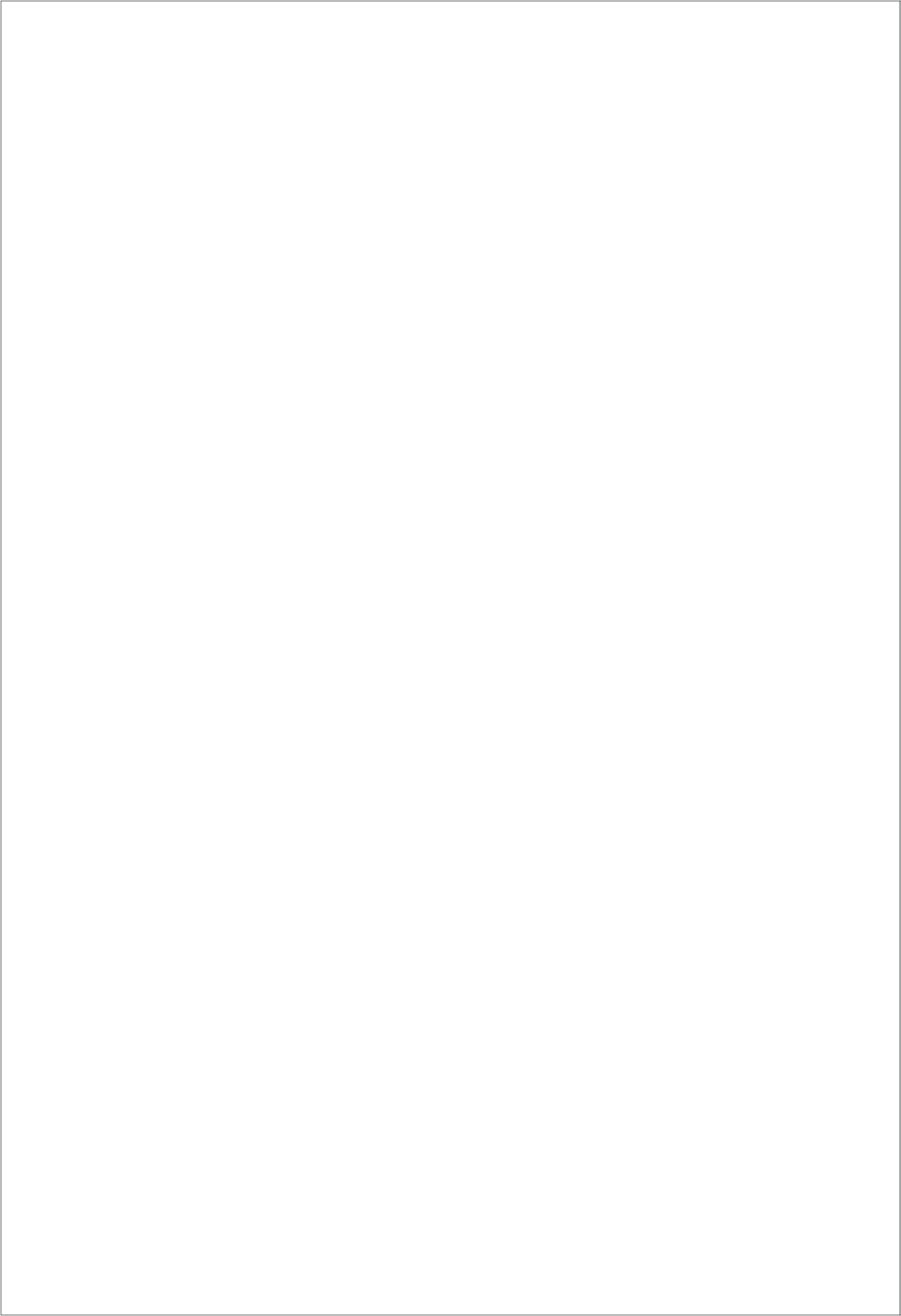
Manufacturers of
Exhaust Systems, Radiators &
Sheet Metal Components

HALF YEARLY REPORT 2019

Report to the Shareholders for Six months period
ended December 31, 2019

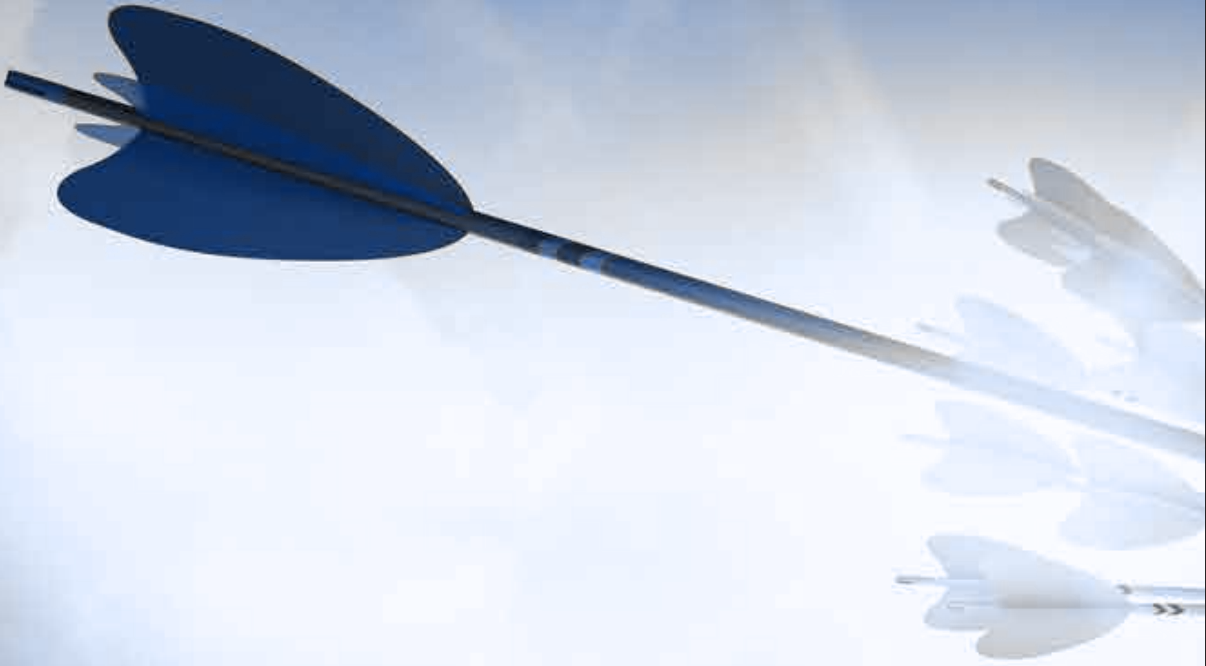


Moving towards
the future



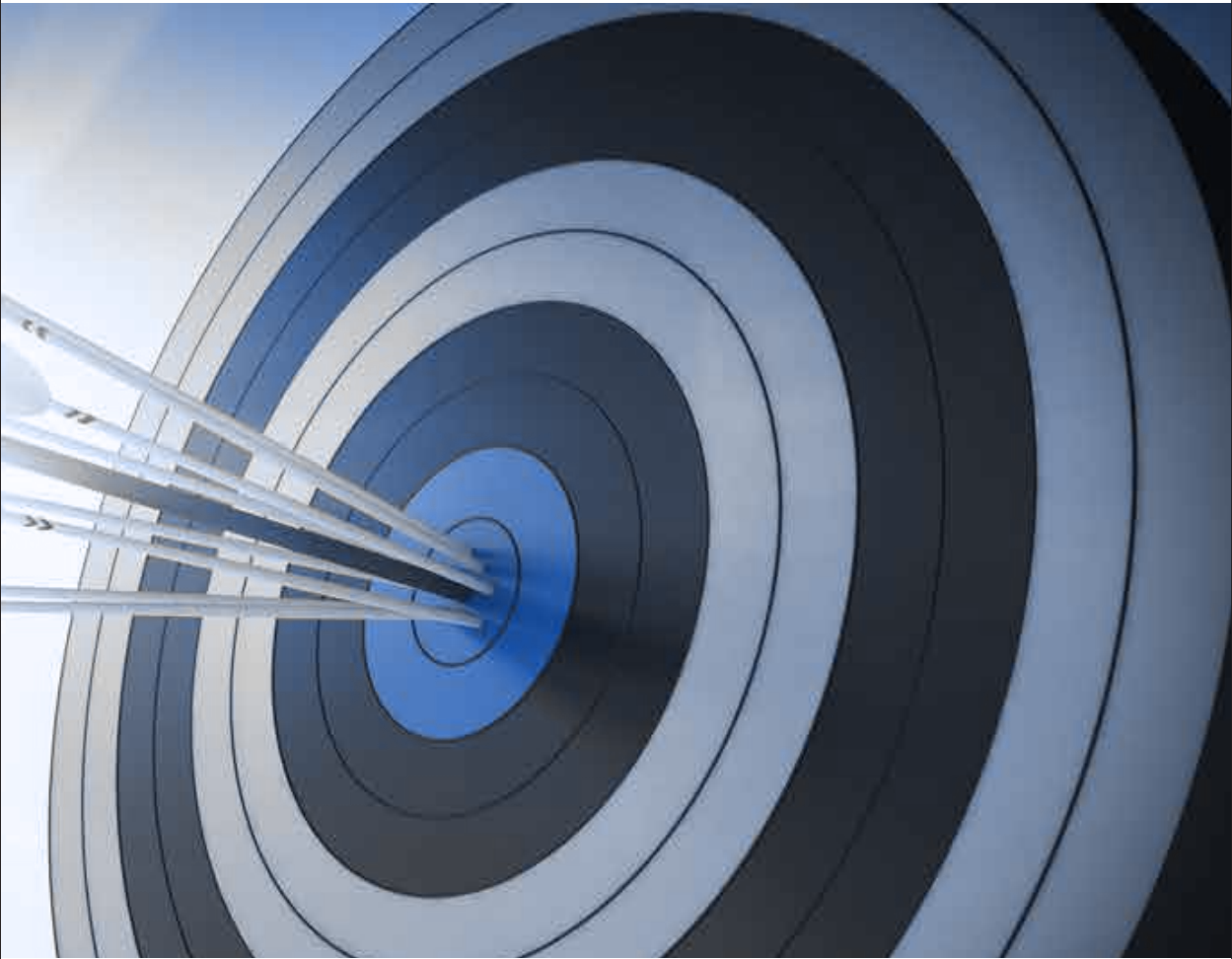
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Vision

“Seek innovation in quality, productivity & technology to ensure sustainable growth of the group and all the stakeholders.”



Mission

“Satisfy customers with timely supplies of products confirming to quality standards at competitive prices.”

Company Information

Board of Directors

Syed Shahid Ali	–Chairman*
Mr. Saulat Said	–Vice Chairman*
Mr. Munir K. Bana	–Chief Executive
Dr. Muzzaftar Mahmood	–Independent Director
Mr. M. Z. Moin Mohajir	–Independent Director
Mrs. Rozina Muzammil	–Independent Director
Syed Sheharyar Ali	–Non-Executive Director
Mr. Muhammad Mohtashim Aftab	–Non-Executive Director
Mr. Shamim A. Siddiqui	– Executive Director

* Chairman and Vice Chairman are Non-Executive Directors

Audit Committee

Mr. M. Z. Moin Mohajir	– Chairman
Mr. Saulat Said	– Member
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member

Human Resources & Remuneration Committee

Mrs. Rozina Muzammil	– Chairperson
Mr. Saulat Said	– Member
Mr. Munir K. Bana	– Member
Syed Sheharyar Ali	– Member
Mr. Muhammad Mohtashim Aftab	– Member
Mr. Shamim A. Siddiqui	– Member

Chief Financial Officer

Mr. Shamim A. Siddiqui

Company Secretary

Mr. Babar Saleem

Head of Internal Audit

Mr. Khawaja M. Akber

Auditors

KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors

Altaf K. Allana & Co., Advocates

Corporate Advisor

Cornelius, Lane & Mufti, Advocates & Solicitors

Symbol

Loads

Credit Rating

A1 – Short term

A – Long Term

Exchange

Pakistan Stock Exchange

Bankers

Al Baraka Bank (Pakistan) Limited
 Bank Al Habib Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 JS Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan Limited
 Soneri Bank Limited
 United Bank Limited

Subsidiaries and Associates

- Specialized Autoparts Industries (Private) Limited
- Multiple Autoparts Industries (Private) Limited
- Specialized Motorcycles (Private) Limited
- Hi-Tech Alloy Wheels Limited

Registered Office

Plot No. 23, Sector 19
 Korangi Industrial Area, Karachi
 Tel: +92-21-35065001-5, +92-302-8674683-9
 Fax: +92-21-35057453-54
 E-mail: inquiry@loads-group.pk

Shares Registrar

Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block-B, S.M.C.H.S,
 Main Shahra-e-Faisal, Karachi
 Tel: Customer Support Services: 0800-23275
 Fax: +92-21-34326053
 E-mail: info@cdcpak.com

Registration with Authorities

Company Registration Number: 0006620
 National Tax Number: 0944311-8
 Sales Tax Number: 0205870801264

Website

www.loads-group.pk

DIRECTOR'S REVIEW

The directors of your company are pleased to present a brief of operations and financial results of your Company for the half year ended December 31, 2019.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

	Rupees in million					
	Half year December 31, 2019		Half year December 31, 2018		% Change	
	Loads	Consolidated	Loads	Consolidated	Loads	Consolidated
Sales	1,756	1,756	3,090	3,090	-43	-43
Gross Profit	199	186	255	358	-22	-48
Operating Profit (OP)	190	218	206	262	-8	-17
Profit before Taxation (PBT)	15	17	86	106	-83	-84
(Loss) / Profit after Taxation (PAT)	(18)	(23)	51	43	-135	-154
(Loss) / Earnings per share (EPS)—basic & diluted	(0.12)	(0.15)	0.34	0.28	-135	-154

BUSINESS REVIEW

Your group has recorded sales of Rs. 1,756 million for the half year ended December 31, 2019, registering a decline of Rs. 1,334 million (-43%) over the same period of previous year. The decrease reflects downturn of automotive industry due to slowdown of the economy on account of PKR devaluation, stern taxation measures, interest rate hikes and inflation.

Company Results

Operating Profit (OP), Profit before Taxation (PBT) and Profit after Taxation (PAT) of Loads Limited reflects the above impact and registered a decrease of 8%, 83% & 135% respectively over the same period of previous year. Therefore, EPS reflects a decline from a profit of 34 paisa per share to a loss of 12 paisa per share.

Group Results

Consolidated Operating Profit (OP), Profit before Taxation (PBT) and Profit after Taxation (PAT) also declined by 17%, 84% & 154% respectively, due to the factors stated above.

AUTOMOTIVE INDUSTRY

(a) Passenger Cars / Light Commercial Vehicles (LCVs)

Overall car & LCV sales for the half year ended December 31, 2019 decreased by 44%, due to decline in sales of locally manufactured vehicles ranging from 29% to 75% [including Suzuki (-29%), Honda (-66%) and Toyota Corolla (-57%)].

(b) Heavy Commercial Vehicles

Heavy vehicles decreased from previous half year's 3,771 units to 2,064 units (-45%).

(c) Tractors

The tractor industry's sales declined by 38% over previous period.

SALES PERFORMANCE

The overall sales of the group for the half year decreased by 43%, over previous period. A product-wise analysis is given below:

Products	Rs in million		
	Sales		
	Half year December 31, 2019	Half year December 31, 2018	+/- %
Exhaust Systems	1,033	2,213	-53
Radiators	162	371	-56
Sheet Metal Components	561	506	11
Total	1,756	3,090	-43

Comments on performance of various product groups are given below:

(a) Exhaust Systems

Sales of exhaust systems declined by 53% mainly on account of downturn in sales of Honda and Toyota Corolla by 66% and 57% respectively.

(b) Radiators

Decline of 56% reflects loss of radiator sales due to decline in sales of tractors & heavy vehicles and discontinuation of Suzuki Mehran cars.

(c) Sheet Metal Components

The group has registered a growth of 11%, as compared to previous half year, mainly due to addition of parts from Suzuki's new vehicle, Alto 660cc.

APPOINTMENT OF DIRECTORS

The Board of Directors appointed Mr. Muhammad Mohtashim Aftab and Dr. Muzaffar Mahmood as Directors, on December 9, 2019 and January 29, 2020 respectively, to fill in the casual vacancies of Mr. Amir Zia and Mr. Sajid Zahid.

PROSPECTS

After experiencing a dismal economic recession in the first half of FY 2020, the auto industry is expected to show a slow recovery during the next six months.

In order to improve the industry scenario, it is hoped that the Government will consider reviewing the stern taxation measures and high customs tariffs (including higher income tax on non-filers, Additional Custom Duties & Additional Sales Tax on imports & Federal Excise Duties on automobile sales), to provide relief to the economy. This will not only be a support to auto sector, but will also result in higher overall revenues for the Government.

Your Company remains committed to the 'Customer First' philosophy that demands a high level of contribution, dedication and efficiency from all levels in the Company, in order to ensure maximum customer satisfaction.

ACKNOWLEDGEMENTS

The Board wishes to thank all its employees and customers for their continued support.

By order of the Board



Munir K. Bana
Chief Executive

Karachi: February 28, 2020



M. Z. Moin Mohajir
Director

(c) شیٹ میٹل کے اجزاء گزشتہ سال کی بہ نسبت گروپ کے اس اجزاء کی فروخت میں 11 فیصد اضافہ کی بنیادی وجہ سوزوکی کی نئی گاڑی آٹو 660cc میں پروں میں اضافہ کی وجہ سے تھی۔

ڈائریکٹران کی تقرری بورڈ آف ڈائریکٹرز نے جناب عامر ضیاء اور جناب ساجد زاہد کی اتفاقی خالی ہونے والی آسامیوں پر جناب محمد مختتم آفتاب اور ڈاکٹر مظفر محمود کی بالترتیب 9 دسمبر 2019 اور 29 جنوری 2020 کو بحیثیت ڈائریکٹر تقرری کی۔

امکانات

سال کی پہلی ششماہی میں معاشی کساد بازاری کے بعد توقع ہے کہ آٹو کی صنعت میں اگلے چھ ماہ کے دوران آہستہ آہستہ بحالی آئے۔ صنعت کے منظر نامے میں بہتری کے لئے امید کی جاتی ہے کہ حکومت سخت ٹیکس اقدامات اور بلند کسٹمز ٹریف پر نظر ثانی کرے گی تاکہ معیشت کو کچھ ریلیف مل سکے۔ جس سے نہ صرف آٹو کی صنعت کو سہارا ملے گا بلکہ حکومت کے مجموعی ماحاصلات میں بھی اضافہ ہوگا۔ آپ کی کمپنی کے ”کسٹمر پہلے“ کے فلسفہ کے لئے پر عزم ہے جس کے تحت کسٹمر کی تسلی و اطمینان کو کوئی قیمتی بنانے کے لئے کمپنی میں ہر سطح پر اعلیٰ معیاری تعاون، کارکردگی اور استعداد کا مظاہرہ ضروری ہے۔

اعتراف

بورڈ اپنے تمام ملازمین اور گاہکوں کے مسلسل تعاون پر ان کا مشکور ہے۔

حسب الحکم بورڈ



ایم زید معین مہاجر
ڈائریکٹر



منیر کے بانا
چیف ایگزیکٹو

28 فروری 2020

کراچی

آٹو کی صنعت

(a) مسافر کاریں/ہلکی تجارتی گاڑیاں (LCVs)

ششماہی مدت تختہ 31 دسمبر 2019 میں کاروں اور LCVs کی مجموعی فروخت میں 44 فیصد کمی ہوئی جس کی وجہ سوزوکی (29- فیصد)، ہونڈا (66- فیصد) اور ٹویوٹا کرولا (57- فیصد) کی فروخت میں کمی تھی۔

(b) بھاری تجارتی گاڑیاں

بھاری تجارتی گاڑیاں جو کہ گزشتہ ششماہی میں 3,771 یونٹ تھی کم ہو کر 2,064 یونٹ (45- فیصد) رہ گئی۔

(c) ٹریکٹر

ٹریکٹر کی صنعت کی فروخت میں گزشتہ مدت کی بہ نسبت 38 فیصد کمی ہوئی۔

فروخت کارکردگی

گروپ کی مجموعی فروخت میں گزشتہ مدت کی بہ نسبت 43 فیصد کمی ہوئی۔ مصنوعات وارتجز یہ درج ذیل ہے:

روپے ملین میں			
فروخت			
کمی/بیشی (فیصد)	ششماہی 31 دسمبر 2018	ششماہی 31 دسمبر 2019	
-53	2,213	1,033	ایگزاسٹ سسٹمز
-56	371	162	ریڈی ایٹرز
11	506	561	شیٹ میٹل اجزاء
-43	3,090	1,756	کل

مختلف مصنوعات کی کارکردگی کا جائزہ درج ذیل ہے:

(a) ایگزاسٹ سسٹمز

ایگزاسٹ سسٹمز کی فروخت میں 53 فیصد کمی کی وجہ ہونڈا اور ٹویوٹا کرولا کی فروخت میں بالترتیب 66 فیصد اور 57 فیصد کمی ہے۔

(b) ریڈی ایٹرز

ریڈی ایٹرز کی سیل میں 56 فیصد کمی کی وجہ ٹریکٹرز اور بھاری تجارتی گاڑیوں کی فروخت میں کمی اور سوزوکی مہران کاروں کی پیداوار کا منقطع ہونا تھا۔

لوڈز لمیٹڈ ڈائریکٹران کا جائزہ

آپ کی کمپنی کے ڈائریکٹران آپ کی کمپنی کے مختصر مالیاتی نتائج اور آپریشنز برائے ششماہی مدت ختمہ 31 دسمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

متقابلہ مالیاتی نتائج کا اختصار یہ

روپے ملین میں

تبدیلی (فیصد)		ششماہی 31 دسمبر 2018		ششماہی 31 دسمبر 2019		
مجموعی	لوڈز	مجموعی	لوڈز	مجموعی	لوڈز	
-43	-43	3,090	3,090	1,756	1,756	فروخت
-48	-22	358	255	186	199	خام منافع
-17	-8	262	206	218	190	آپریٹنگ منافع (OP)
-84	-83	106	86	17	15	منافع قبل از ٹیکس (PBT)
-154	-135	43	51	(23)	(18)	منافع بعد از ٹیکس (PAT)
-154	-135	0.28	0.34	(0.15)	(0.12)	فی حصص آمدن (EPS) - بنیادی اور رقیق

کاروباری جائزہ

آپ کے گروپ کی فروخت ششماہی مدت ختمہ 31 دسمبر 2019 میں 1,756 ملین روپے رہی جو کہ گزشتہ سال اسی مدت کی بہ نسبت 1,334 ملین روپے (-43 فیصد) کم ہے۔ اس کی آٹوموٹو انڈسٹری میں سست روی کی عکاسی ہوتی ہے جس کی بنیادی وجہ روپے کی قدر میں کمی، سخت ٹیکس اقدامات، بلند شرح سود اور افراط زر کے نتیجے میں معاشی کساد بازاری تھی۔

کمپنی کے نتائج

مجموعی آپریٹنگ منافع (OP)، منافع قبل از ٹیکس (PBT) اور منافع بعد از ٹیکس (PAT) پر مندرجہ بالا اثرات کی عکاسی ہوتی ہے جن میں گزشتہ مدت کی بہ نسبت بالترتیب 8 فیصد، 83 فیصد اور 135 فیصد کمی ہوئی۔ لہذا EPS جو منافع کی وجہ سے 34 پیسے تھی، خسارہ کی وجہ سے کم ہو کر -0.12 پیسے فی حصص رہ گئی۔

گروپ کے نتائج

مجموعی آپریٹنگ منافع (OP)، منافع قبل از ٹیکس (PBT) اور منافع بعد از ٹیکس (PAT) میں مندرجہ بالا عوامل کی وجہ سے بالترتیب 17 فیصد، 84 فیصد اور 154 فیصد کمی ہوئی۔



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

Independent Auditors' Review Report

To the Members of Loads Limited

Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Loads Limited** ("the Company") as at 31 December 2019 and the related condensed interim unconsolidated statement of profit or loss account, the condensed interim unconsolidated statement of comprehensive income, the condensed interim unconsolidated statement of cash flows, the condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period then ended (here-in-after-referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.



KPMG Taseer Hadi & Co.

Other Matters

The figures of the condensed interim unconsolidated statement of profit or loss account and the condensed interim unconsolidated statement of comprehensive income for the quarter ended 31 December 2019 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' review report is Zeeshan Rashid.

Date: 28 February 2020

Karachi

KPMG Taseer Hadi & Co.


**KPMG Taseer Hadi & Co.
Chartered Accountants**

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	594,559,464	615,333,893
Intangible assets		652,986	1,138,159
Investments	5.1	1,347,407,034	1,293,354,344
Loans and receivables		7,315,464	6,897,737
		<u>1,949,934,948</u>	<u>1,916,724,133</u>
Current assets			
Stores and spares		48,125,031	51,696,875
Stock-in-trade	6	1,455,662,695	1,404,712,679
Trade debts - net		436,785,963	601,589,094
Loans and advances		85,569,475	62,401,011
Deposits, prepayments and other receivables	7	215,263,937	307,683,953
Current maturity of long term receivables		-	13,995,364
Due from related parties		1,321,381,769	976,856,001
Taxation - net		76,765,588	73,093,061
Short term investments	5.2	617,704	27,009,259
Cash and bank balances		6,081,905	3,079,537
		<u>3,646,254,067</u>	<u>3,522,116,834</u>
Total assets		<u><u>5,596,189,015</u></u>	<u><u>5,438,840,967</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	10	1,512,500,000	1,512,500,000
Share premium		1,095,352,578	1,095,352,578
Reserve		(154,833,860)	(217,988,192)
Unappropriated profit		443,358,290	476,845,898
		<u>2,896,377,008</u>	<u>2,866,710,284</u>
LIABILITIES			
Non-current liabilities			
Obligation under finance lease		29,000,000	1,665,777
Deferred tax liabilities		43,802,239	43,678,920
Employee benefits - gratuity		11,280,063	10,467,240
		<u>84,082,302</u>	<u>55,811,937</u>
Current liabilities			
Current maturity of obligation under finance lease		20,194,992	4,104,846
Short term financing	8	2,249,757,571	2,082,088,834
Trade and other payables	9	223,600,188	381,874,542
Loan from director		40,000,000	-
Unclaimed dividend		3,528,042	3,535,500
Accrued mark-up on short term financing		78,648,912	44,715,024
		<u>2,615,729,705</u>	<u>2,516,318,746</u>
Total equity and liabilities		<u><u>5,596,189,015</u></u>	<u><u>5,438,840,967</u></u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



**Chief Financial
Officer**



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

For the six and three months period ended 31 December 2019

Note	For the six months period ended		For the three months period ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
------(Rupees)-----				
Revenue	1,756,061,643	3,089,945,615	785,776,167	1,516,773,820
Cost of sales	12 (1,556,711,820)	(2,834,466,940)	(707,135,605)	(1,397,162,235)
Gross profit	199,349,823	255,478,675	78,640,562	119,611,585
Administrative and selling expenses	(80,542,582)	(79,016,843)	(36,147,442)	(37,197,018)
	118,807,241	176,461,832	42,493,120	82,414,567
Other expenses	(5,038,711)	(6,990,169)	(2,999,246)	(3,531,216)
Other income	75,781,720	36,868,475	45,380,985	17,693,858
	70,743,009	29,878,306	42,381,739	14,162,642
Operating profit	189,550,250	206,340,138	84,874,859	96,577,209
Finance costs	(175,046,284)	(107,379,431)	(99,209,114)	(64,421,368)
Equity investments at FVTPL - net change in fair value	5.2.1 7,284	(13,445,792)	1,749,750	(14,083,211)
Profit before taxation	14,511,250	85,514,915	(12,584,505)	18,072,630
Taxation	13 (32,653,117)	(34,521,245)	(18,098,835)	(14,711,695)
(Loss) / Profit after taxation	(18,141,867)	50,993,670	(30,683,340)	3,360,935
(Loss) / Earnings per share - basic and diluted	14 (0.12)	0.34	(0.20)	0.02

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six and three months period ended 31 December 2019

Note	For the six months period ended		For the three months period ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (Rupees) -----			
(Loss) / Profit after taxation	(18,141,867)	50,993,670	(30,683,340)	3,360,935
Other comprehensive income				
Items that will never be reclassified subsequently to profit or loss	-	-	-	-
Equity investments at FVOCI - net change in fair value	5.13&5.22.1 46,526,452	(7,045,426)	65,719,376	11,004,541
Total comprehensive income for the period	28,384,585	43,948,244	35,036,036	14,365,476

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six months period ended 31 December 2019

	31 December 2019	31 December 2018
	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,511,250	85,514,915
Adjustments for		
Depreciation	40,759,802	43,845,957
Amortisation	485,173	656,461
Mark-up expense	167,542,292	84,820,687
Gain on disposal of property, plant and equipment	(1,317,073)	(3,503,619)
Loss on disposal of investment	2,985,337	-
Gain on disposal of investment	(1,282,139)	-
Provision for gratuity	812,823	1,432,987
Finance lease charges	28,342	277,650
Mark-up income	(66,918,660)	(25,740,537)
Dividend income	(7,545,987)	(7,624,320)
Equity investments at FVTPL - net change in fair value	(7,284)	13,445,792
	<u>150,053,876</u>	<u>193,125,973</u>
Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	3,571,844	(2,323,557)
Stock-in-trade	(50,950,016)	(80,472,039)
Trade debts - net	164,803,131	(140,889,216)
Due from related parties	(278,396,567)	(56,239,806)
Loans and advances	(23,168,464)	94,087,250
Deposits, prepayments and other receivables	105,997,653	(139,564,474)
	<u>(78,142,419)</u>	<u>(325,401,842)</u>
Decrease in current liabilities		
Trade and other payables	(158,274,354)	(20,183,548)
Cash used in operations	<u>(86,362,897)</u>	<u>(152,459,417)</u>
Mark-up paid	(133,609,288)	(55,397,390)
Gratuity paid	(4,000)	-
Tax paid	(36,202,323)	(25,456,552)
Net cash used in operating activities	<u>(256,178,508)</u>	<u>(233,313,359)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(18,668,300)	(32,008,318)
Dividend received	7,545,987	7,624,320
Mark-up received	789,459	25,740,537
Proceeds from disposal of property, plant and equipment	3,949,623	6,084,076
Proceeds from sale of investments - net	18,443,031	274,359
Net cash generated from investing activities	<u>12,059,800</u>	<u>7,714,974</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(6,186,203)	(9,734,981)
Proceeds from Sales & Lease back transaction	45,646,000	-
Dividend paid	(7,458)	(27,844)
Repayment of loan from subsidiaries - unsecured	-	(154,222,335)
Loan from director	40,000,000	-
Net cash generated from / (used in) financing activities	<u>79,452,339</u>	<u>(163,985,160)</u>
Net decrease in cash and cash equivalents during the period	<u>(164,666,369)</u>	<u>(389,583,545)</u>
Cash and cash equivalents at beginning of the period	(2,079,009,297)	(1,430,672,166)
Cash and cash equivalents at end of the period	<u>(2,243,675,666)</u>	<u>(1,820,255,711)</u>
Cash and cash equivalents at end of the period comprises		
Cash and bank balances	6,081,905	3,134,258
Short term financing	(2,249,757,571)	(1,823,389,969)
	<u>(2,243,675,666)</u>	<u>(1,820,255,711)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the six months period ended 31 December 2019

	Share capital	Capital reserve		Revenue reserve	Total equity
	Issued, subscribed and paid up Capital	Share premium	Fair value reserve of equity securities - FVOCI	Unappropriated profit	
	(Rupees)				
Balance as at 1 July 2018	1,512,500,000	1,095,352,578	15,068,260	434,398,893	3,057,319,731
Adjustment on initial application of IFRS 9 mainly on account of remeasurement of investment to FVOCI	-	-	(47,748,629)	-	(47,748,629)
Adjustment on initial application of IFRS 15	-	-	-	11,265,520	11,265,520
Balance as at 1 July 2018 - restated	1,512,500,000	1,095,352,578	(32,680,369)	445,664,413	3,020,836,622
Total comprehensive income for the six months period ended 31 December 2018					
Profit after taxation	-	-	-	50,993,670	50,993,670
Other comprehensive income	-	-	(7,045,426)	-	(7,045,426)
	-	-	(7,045,426)	50,993,670	43,948,244
Balance as at 31 December 2018	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>(39,725,795)</u>	<u>496,658,083</u>	<u>3,064,784,866</u>
Balance as at 1 July 2019	1,512,500,000	1,095,352,578	(217,988,192)	476,845,898	2,866,710,284
Total comprehensive income for the six months period ended 31 December 2019					
Loss after taxation	-	-	-	(18,141,867)	(18,141,867)
Reclassification of unrealised gain on sale of investment carried at FVOCI	-	-	16,627,880	(16,627,880)	-
Gain on sale of investment carried at FVOCI	-	-	-	1,282,139	1,282,139
Other comprehensive income	-	-	46,526,452	-	46,526,452
	-	-	63,154,332	(33,487,608)	29,666,724
Balance as at 31 December 2019	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>(154,833,860)</u>	<u>443,358,290</u>	<u>2,896,377,008</u>

The annexed notes 1 to 17 form an integral part of this condensed interim unconsolidated financial information.



Chief Financial Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

1. STATUS AND NATURE OF BUSINESS

1.1 Legal status and operations

Loads Limited (the Company) is a public listed company, which was incorporated in Pakistan on 1 January 1979, as a private limited company under Companies Act, 1913 (Repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) on May 30, 2017).

On 19 December 1993, the status of the Company was converted from private limited company to public unlisted company. On 1 November 2016, the shares of the Company were listed on Pakistan Stock Exchange Limited (PSX).

The principal activity of the Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate (Treet Corporation Limited) of the Company, subsidiaries are carried at cost. The details are as follows:

Name of the Company	Incorporation date	Effective holding %		Principle line of business
		31 December 2019	30 June 2019	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL)	13 January 2017	80%	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
Associate				
Treet Corporation Limited	22 January 1977	5.37%	5.32%	Manufacture and sale of razors, razor blades and other trading activities

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

1.2 As at 31 December 2019, the financial position of the subsidiaries are as follows:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

		Assets	Liabilities	Equity	Breakup value
	Note	(Rupees)			(Rs. / share)
31 December 2019					
SAIL	1.2.1	<u>924,098,737</u>	<u>309,812,102</u>	<u>614,286,635</u>	<u>18.90</u>
HAWL	1.2.1	<u>4,757,888,434</u>	<u>3,398,716,615</u>	<u>1,359,171,819</u>	<u>10.33</u>
MAIL	1.2.1	<u>363,060,779</u>	<u>115,058,724</u>	<u>248,002,055</u>	<u>19.84</u>
SMPL	1.2.1	<u>76,218,858</u>	<u>755,232</u>	<u>75,463,626</u>	<u>10.06</u>
30 June 2019					
SAIL		<u>868,180,306</u>	<u>258,673,400</u>	<u>609,506,906</u>	<u>18.75</u>
HAWL		<u>4,402,872,120</u>	<u>3,050,845,403</u>	<u>1,352,026,717</u>	<u>10.28</u>
MAIL		<u>347,819,420</u>	<u>108,317,240</u>	<u>239,502,180</u>	<u>19.16</u>
SMPL		<u>72,589,665</u>	<u>894,733</u>	<u>71,694,932</u>	<u>9.56</u>

1.2.1 The financial information of SAIL, HAWL, MAIL and SMPL is based on the un-audited management accounts for the period ended 31 December 2019.

1.3 As at 30 September 2019, the assets, liabilities and equity of Treet Corporation Limited amounted to Rs. 26,034 million, Rs. 15,814 million and Rs. 10,220 million respectively (un-audited).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last financial statements

2.2 Basis of measurement

This condensed interim unconsolidated financial information has been prepared on the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

2.3 Functional and presentation currency

The condensed interim unconsolidated financial information is presented in Pak Rupee which is also the functional currency of the Company and rounded off to the nearest rupee.

2.4 Key estimates and judgments

The preparation of the condensed interim unconsolidated financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the condensed interim unconsolidated financial information, the significant judgments made by the 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 unconsolidated financial statements as at and for the year ended 30 June 2019 except for new significant judgments and key sources of estimation uncertainty related to application of IFRS 16 which are discussed in note 3. The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended 30 June 2019.

3. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the last annual financial statements.

The Company has adopted IFRS 16 Leases from 1 July 2019. A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 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.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

B. As a lessee

The Company leases properties. 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 recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

	Property, plant and equipment (Rupees in '000)
Balance at 1 July 2019	76,039
Balance at 31 December 2019	<u>122,044</u>

The Company presents lease liabilities in the statement of financial position.

i) Significant accounting policies

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. 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. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Transition

Previously, the Company classified property leases as operating leases under IAS 17. These include property where offices of the Company are situated. The leases typically run for a period of 3 years. Some leases include an option to renew the lease for an additional years.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

C. As a lessor

The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. However, when the Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

However, the Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 July 2019 (Rupees in '000)
Right-of-use assets presented in property and equipment	76,039
Lease liabilities	5,771

When measuring lease liabilities for leases that were classified as finance leases, the % Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 18.25

Lease liabilities recognised at 1 July 2019	5,771
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When measuring lease liabilities for leases that were classified as finance leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 18.25%

Lease liabilities recognised at 1 July 2019

ii. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as finance leases, the Company recognised Rs. 76.04 million of right-of-use assets.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months period ended 31 December 2019, the Company recognised Rs. 3.9 million of depreciation charges and Rs. 1.4 million of interest costs from these leases.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
Operating property, plant and equipment	4.1	565,098,746	590,671,546
Capital work-in-progress		29,460,718	24,662,347
		594,559,464	615,333,893

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

4.1 The following acquisitions and disposals have been made during six months period ended 31 December 2019.

	For the six months period ended			
	31 December 2019		31 December 2018	
	Acquisitions at cost	Disposals at book value	Acquisitions at cost	Disposals at book value
	------(Rupees)-----			
Building on leasehold land	-	-	3,438,352	-
Plant and machinery	3,500,951	-	19,677,187	2,009,028
Tools and equipment	5,774,182	-	1,540,000	-
Furniture, fittings and office equipment	1,915,323	-	182,827	-
Vehicles	4,308,485	2,632,550	5,992,800	571,429
	15,498,941	2,632,550	30,831,166	2,580,457

4.2 **Leases**

As a Lessee

'Property and equipment' comprise owned and leased assets that do not meet the definition of investment property.

	31 December 2019 (Rupees in '000)
Property and equipment owned	443,055
Right-of-use assets	122,044
	565,099

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Balance at 1 July 2019	76,039
Addition during the period	49,867
Depreciation charge for the period	(3,862)
Balance at 31 December 2019	122,044

Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	17,110
One to five years	23,066
More than five years	-
Total undiscounted lease liabilities at 31 December	40,176

Lease liabilities included in the statement of financial position at 31 December 2019	49,195
Current	20,195
Non-current	29,000

Amounts recognised in statement of profit or loss account	
Interest on lease liabilities	(1,399)

Amounts recognised in the statement of cash flows	
Total cash outflow for leases	6,186

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

5. INVESTMENT

5.1 Long term investments	Note	31 December 2019 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
At cost			
Investments in subsidiary companies - unlisted			
Hi-Tech Alloy Wheels Limited		859,960,000	859,960,000
Specialized Autoparts Industries (Private) Limited		175,000,000	175,000,000
Multiple Autoparts Industries (Private) Limited		75,000,000	75,000,000
Specialized Motorcycles (Private) Limited		75,000,000	75,000,000
	5.1.1	1,184,960,000	1,184,960,000
Less: Provision for impairment against SMPL	5.1.2	(25,000,000)	(25,000,000)
Net investment in subsidiary companies		1,159,960,000	1,159,960,000
Investment in associate at FVOCI - listed	5.1.3	187,447,034	133,394,344
		1,347,407,034	1,293,354,344

5.1.1 This represents investment in subsidiaries namely Specialized Autoparts Industries (Private) Limited (SAIL), Multiple Autoparts Industries (Private) Limited (MAIL), Specialized Motorcycles (Private) Limited (SMPL) and Hi-Tech Alloy Wheels Limited (HAWL). Company's shareholding in subsidiaries and their financial position as at 31 December 2019 is disclosed in note 1.1 and 1.2 to this condensed interim unconsolidated financial information.

5.1.2 The Company has maintained provision for impairment amounting to Rs. 25 million in respect of SMPL as the operations of SMPL have ceased from 1 July 2015. The key financial information of SMPL is disclosed in note 1.1.

5.1.3 This represents 8,887,958 shares (30 June 2019: 8,741,438 shares) of Treet Corporation Limited having market value of Rs. 187.447 million (30 June 2019: 133.394 million). The Company's holding in Treet Corporation Limited is considered associate by virtue of common directorship. The financial position of the associate as at 30 September 2019 (un-audited) is disclosed in note 1.3 to this condensed interim unconsolidated financial information.

5.2 Short term investments	Note	31 December 2019 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Equity securities - mandatorily at FVTPL	5.2.1	600,376	11,380,627
Equity securities - at FVOCI	5.2.2	17,328	15,628,632
		617,704	27,009,259

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

5.2.1 Equity securities - mandatorily at FVTPL

31 December 2019	30 June 2019	Name of investee company	31 December 2019			30 June 2019
			Carrying value	Market value	Net change in fair value	Market value
(Un-audited)	(Audited)		----- (Rupees) -----			
(Number of shares / certificates)		Ordinary shares - Quoted				
1	1	Agriautos Industries Limited*	200	200	-	200
1	1	Al-Ghazi Tractors Limited *	317	368	51	317
1	1	Atlas Battery Limited	96	182	86	96
1	1	Atlas Honda Limited	322	380	58	322
1	1	The General Tyre & Rubber Company of Pakistan Limited	52	56	4	52
1	1	Honda Atlas Cars (Pakistan) Limited	148	219	71	148
1	1	Thal Limited *	364	338	(26)	364
230	230	Baluchistan Wheels Limited	14,065	15,228	1,163	14,065
315	315	Ghandhara Nissan Limited	16,515	23,990	7,475	16,515
150	150	Hinopak Motors Limited	48,300	73,163	24,863	48,300
200	200	Indus Motor Company Limited	240,784	232,312	(8,472)	240,784
306	272	Millat Tractors Limited	234,567	215,675	(18,892)	234,567
63	63	Oil & Gas Development Company Limited	8,284	8,966	682	8,284
127	127	Pak Suzuki Motor Company Limited	29,078	29,299	221	29,078
		Participation term certificate (PTC) - Quoted				
-	1,831,500	Treet Corporation Limited *(note 5.2.1.1)	-	-	-	10,787,535
			<u>593,092</u>	<u>600,376</u>	<u>7,284</u>	<u>11,380,627</u>

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited, Agriautos Industries Limited and Thal Limited which have a face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

5.2.1.1 These were mandatorily convertible into ordinary shares of Treet Corporation Limited in the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. During the period, final redemption of Principal amount of PTC has been received (in cash and through share conversion) . Therefore, it has been fully paid off and ceased to exist. The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 per share for the year 2019. During the period, principal redeemed through share conversion and cash redemption amounted to Rs. 7.58 million and Rs. 0.27 million respectively.

5.2.2 Equity securities - at FVOCI

The Company holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

31 December 2019	30 June 2019	Name of investee company	31 December 2019			30 June 2019
			Cost	Market value (Un-audited)	Net change in fair value	Market value (Audited)
(Number of shares)			----- (Rupees) -----			
		Ordinary shares - Quoted				
-	235,386	Tri-Pack Films Limited	-	-	-	15,617,861
152	152	ZIL Limited	5,330	17,328	11,998	10,771
			<u>5,330</u>	<u>17,328</u>	<u>11,998</u>	<u>15,628,632</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

5.2.2.1 Equity investments at FVOCI - net change in fair value	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
Market value of investments	17,328	15,628,632
Less: Cost of investments	<u>(5,330)</u>	<u>(17,193,693)</u>
	11,998	(1,565,061)
Less: Equity investments at FVOCI - net change in fair value at beginning of the period / year	<u>(10,771)</u>	<u>(15,068,260)</u>
Net change in fair value for the period / year	<u><u>1,227</u></u>	<u><u>(16,633,321)</u></u>

5.2.2.2 During the period, all shares of Tri-Pack Films Limited have been released from pledge and the same have been disposed off.

6. STOCK-IN-TRADE	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
Raw material and components	6.1 & 6.2	1,383,543,026	1,342,036,391
Work-in-process		90,138,657	80,695,276
Finished goods		-	-
		<u>1,473,681,683</u>	<u>1,422,731,667</u>
Provision for slow-moving and obsolescence		<u>(18,018,988)</u>	<u>(18,018,988)</u>
		<u><u>1,455,662,695</u></u>	<u><u>1,404,712,679</u></u>

6.1 This includes raw material in-transit and in possession of Company's subsidiaries amounting to Rs. 211.21 million (30 June 2019: Rs. 314.670 million) and Rs. 612.01 million (30 June 2019: Rs. 726 million) respectively.

6.2 Raw material held with toll manufacturers as at 31 December 2019 amounted to Rs. 27 million (30 June 2019: Rs. 40.2 million).

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

This includes margin paid to various banks against letter of credit amounting to Rs. 47.447 million (30 June 2019: 152.470). Further, it includes unclaimed input sales tax amounting to Rs. 140.078 million (30 June 2019: Rs. 137.640 million) which is not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section. 8B of Sales Tax Act, 1990.

8. SHORT TERM FINANCING

8.	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
Secured			
Running finances under mark-up arrangements	8.1	1,747,935,351	1,733,088,834
Islamic financing	8.2	501,822,220	349,000,000
		<u><u>2,249,757,571</u></u>	<u><u>2,082,088,834</u></u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

- 8.1** These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Company, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 August 2021. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 3 month KIBOR plus 0.5% to 6 month KIBOR plus 1.75% (30 June 2019: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55%) per annum. Average mark-up rates during the period were in the range of 13.66% to 15.08%.

The aggregate available short term funded facilities amounted to Rs. 2,313 million (30 June 2019: Rs. 2,320 million) out of which Rs. 48.42 million (30 June 2019: 586.91 million) remained unavailed as at the reporting date.

8.2 Islamic financing

This includes Islamic finance facility available from Al Baraks Bank, Meezan Bank and Bank Islami Pakistan having limits of Rs. 590 million, for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 31 December 2019, amount of Rs. 98.178 million (30 June 2019: Rs. 400 million) remained unutilised. This facility is secured by charge over current and future assets of the Company. These facilities carry mark-up at 1 month KIBOR plus 0.5% per annum to 3 months KIBOR plus 2.75% (30 June 2019: 1 month KIBOR plus 0.5% to 3 months KIBOR plus 1%) and is repayable maximum within 120 to 180 days of the disbursement date. Average mark-up rates during the period were in the range of 14.6% to 15.06%.

Further, it includes Karobar financing facility obtained from Bank Islami Pakistan Limited for working capital requirements and are secured by charge over current and future assets of the Company, and title of ownership of karobar finance goods. These facility are expiring on various dates latest by 31 October 2020. The aggregate available short term funded facilities amounted to Rs. 200 million (30 June 2019:Rs. 200 million) out of which Rs. 78.27 million (30 June 2019: 51 million) remained unavailed as at the reporting date. This facility carry mark-up at the rate relevant KIBOR plus 0.5%. Average mark-up rates during the period were in the range of 13.66% to 13.84.

9. TRADE AND OTHER PAYABLES

	Note	31 December 2019 (Un-audited)	30 June 2019 (Audited)
(Rupees)			
Creditors		63,912,368	239,143,365
Accrued liabilities		21,385,021	26,916,239
Other liabilities			
Advance from customer	9.1	108,499,549	83,699,401
Mobilization advances		524,430	524,430
Workers' profit participation fund	9.2	10,648,837	9,168,893
Provision for compensated absences		2,494,012	3,389,345
Workers' welfare fund	9.3	573,437	2,931,372
Withholding tax payable		474,027	2,363,704
Security deposit from contractors		129,000	129,000
Other payables		14,959,507	13,608,793
		<u>223,600,188</u>	<u>381,874,542</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

9.1 This includes advance from scrap dealers amounting to Rs. 46.087 million.

9.2 Workers' profit participation fund	31 December 2019 (Un-audited)	30 June 2019 (Audited)
	(Rupees)	
Opening balance	9,168,893	9,418,998
Charge for the period / year	1,365,326	6,979,457
Interest charged during the period / year	<u>114,618</u>	<u>241,496</u>
	10,648,837	16,639,951
Less: Payments during the period / year	-	(7,471,058)
Closing balance	<u>10,648,837</u>	<u>9,168,893</u>

9.3 Workers' welfare fund

Opening balance	2,931,372	9,141,985
Charge for the period / year	573,437	2,931,372
Less: Payments during the period / year	<u>(2,931,372)</u>	<u>(9,141,985)</u>
Closing balance	<u>573,437</u>	<u>2,931,372</u>

10. Share Capital

10.1 Authorised share capital

Authorised share capital comprises of 200,000,000 (30 June 2019: 200,000,000) Ordinary shares of Rs. 10.

10.2 Issued, subscribed and paid up capital

31 December 2019 (Number of shares)	30 June 2019		31 December 2019 (Rupees)	30 June 2019
53,770,000	53,770,000	Ordinary shares of Rs.10 each fully paid in cash	537,700,000	537,700,000
<u>97,480,000</u>	97,480,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>974,800,000</u>	974,800,000
<u>151,250,000</u>	<u>151,250,000</u>		<u>1,512,500,000</u>	<u>1,512,500,000</u>

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed under note 16 of the annual unconsolidated financial statements of the Company for the year ended 30 June 2019.

11.2 Commitments

Commitments in respect of letters of credit amounted to Rs. 159.358 million (30 June 2019: Rs. 343.870 million).

12. COST OF SALES

	Note	For the six months period ended		For the three months period ended	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
----- (Rupees) -----					
Raw materials and components consumed		1,178,084,422	2,358,544,488	441,921,237	1,168,430,673
Ancillary materials consumed		26,192,684	20,028,580	12,073,699	5,385,689
Manufacturing expenses					
Salaries, wages and other employee benefits		109,202,312	130,258,948	53,501,329	72,063,626
Toll manufacturing	12.1	188,707,011	372,180,323	85,715,446	178,677,378
Depreciation		36,848,590	40,145,621	18,595,837	20,342,474
Gas, power and water		7,870,477	9,979,245	3,999,765	4,860,007
Others		22,396,645	34,969,288	9,535,758	19,752,790
Transferred to capital work-in-progress		(3,146,940)	(3,905,442)	(1,185,937)	(1,047,337)
Manufacturing cost		361,878,095	583,627,983	170,162,198	294,648,938
Opening stock of work-in-process	6	80,695,276	150,978,815	173,117,128	173,950,179
Closing stock of work-in-process	6	(90,138,657)	(177,240,188)	(90,138,657)	(177,240,188)
		(9,443,381)	(26,261,373)	82,978,471	(3,290,009)
Opening stock of finished goods	6	-	49,683,031	-	83,142,713
Closing stock of finished goods	6	-	(151,155,769)	-	(151,155,769)
		-	(101,472,738)	-	(68,013,056)
		1,556,711,820	2,834,466,940	707,135,605	1,397,162,235

12.1 This includes toll manufacturing expense from SAIL and MAIL amounting to Rs. 155.312 million (31 December 2018: 312.83 million).

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

13. TAXATION	Note	31 December 2019	31 December 2018
(Rupees)			
Current tax			
Prior tax	8.1	25,879,946	35,724,505
Deferred tax	8.2	6,649,850	6,339,745
		<u>123,321</u>	<u>(7,543,005)</u>
		<u>32,653,117</u>	<u>34,521,245</u>

13.1 Reconciliation between tax expense and accounting profit

Profit before taxation		<u>14,511,250</u>	<u>85,514,915</u>
Tax at the applicable rate of 29%			
Effect of minimum tax		4,208,263	24,799,325
Prior year charge		21,671,683	4,276,838
Tax effect of income taxed at lower rate		6,649,850	6,339,745
Others		(2,593)	(1,067,405)
		<u>125,914</u>	<u>172,742</u>
		<u>32,653,117</u>	<u>34,521,245</u>

Income tax is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Income tax for the current period is calculated on the basis of minimum tax liability at the rate of 1.5% on turnover for the period less allowable tax credit of Rs. 0.46 million on account of purchase of plant and machinery (section 65B of the Income Tax Ordinance, 2001). Tax expense for the period also includes tax on undistributed profits at the rate of 5% amounting to Rs. 6.65 million, as per the requirement of section 5A of the Income Tax Ordinance, 2001 and deferred tax expenses of Rs. 0.123 million. Amounts accrued or income tax expense in one interim period may be adjusted in a subsequent interim period of that financial year, if the estimate of the income tax rate changes.

14. EARNINGS PER SHARE - basic and diluted		<u>For the six months period ended</u>	
		31 December 2019	31 December 2018
(Loss) / Profit after taxation	Rupees	<u>(18,141,867)</u>	<u>50,993,670</u>
Weighted average number of ordinary shares outstanding during the period	Numbers	<u>151,250,000</u>	<u>151,250,000</u>
(Loss) / Earnings per share - basic and diluted	Rupees	<u>(0.12)</u>	<u>0.34</u>

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associated company and other companies with significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are disclosed below:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

Balance as at

Name of the related party	Relationship and Effective shareholding	Transactions during the period / year and year end balances	31 December 2019 (Un-audited)	30 June 2019 (Audited)
			(Rupees)	
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 91% holding (30 June 2019: 91%)	Loan due from at the period / year end	181,600,000	-
		Accrued mark-up on loan at the period / year end	5,506,781	-
		Trade payable at the period / year end	44,912,752	188,969,099
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 92% holding (30 June 2019: 92%)	Loan due from at the period / year end	52,200,000	-
		Accrued mark-up on loan at the period / year end	1,524,050	-
		Trade receivable at the period / year end	38,863,994	85,212,200
Hi-Tech Alloy Wheels Limited	Subsidiary company - 80% holding (30 June 2019: 80%)	Loan due from at the period / year end	852,100,900	698,967,914
		Mark-up Receivable on loan at the period / year end	126,773,202	53,386,502
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (30 June 2019: 100%)	Due from at the period / year end	3,706,788	3,706,788
		Loan due from at the period / year end	1,864,000	-
		Accrued mark-up on loan at the period / year end	39,115	-
Provident fund	Defined benefit scheme	Receivable from provident fund	416,707	9,004,535
Employee benefits - gratuity	Defined contribution plan	Balance at the year period / year	(11,280,063)	(10,467,240)
Treet Corporation Limited	Associated company by virtue of significant influence	Participation Term Certificates (PTCs)	-	10,787,535

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

Transactions for the period

Name of the related party	Relationship and Effective shareholding	Transactions during the period / year and year end balances	For the six months period ended	
			31 December 2019	31 December 2018
			(Rupees)	
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 91% holding (31 December 2018: 91%)	Toll manufacturing	114,111,559	235,159,817
		Payments made during the period	-	(292,790,437)
		Loan provided	181,600,000	-
		Mark-up income on loan	5,506,781	-
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 92% holding (31 December 2018: 92%)	Toll manufacturing	41,200,094	77,667,607
		Payments made during the period	-	(189,831,033)
		Loan provided	52,200,000	-
		Mark-up income on loan	1,524,050	-
Hi-Tech Alloy Wheels Limited	Subsidiary company - 80% holding (31 December 2018: 80%)	Loan provided / (Repayment of loan)	219,570,900	(3,470,000)
		Mark-up income on loan	59,059,255	22,991,044
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (31 December 2018: 100%)	Loan provided	1,864,000	-
		Repayment of loan	-	(550,000)
		Mark-up charged to / (by) related party	-	(2,666,382)
		Mark-up income on loan	39,115	-
Provident fund	Defined benefit scheme	Received during the period	8,587,828	-
Employee benefits - gratuity	Defined contribution plan	Expense for the period	816,823	1,432,987
		Contribution paid during the period	-	-
Treet Corporation Limited	Associated company by virtue of significant influence	Mark-up income on PTCs	7,527,465	7,574,410
Remuneration of chief executive, directors and executives (Key management personnel)				
Salaries and benefits			34,051,406	29,149,764
Post retirement benefits			-	212,419

16. 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 orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

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

16.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVOCI - equity instrument	Amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
----- (Rupees) -----								
Financial assets - measured at fair value								
Equity securities	600,376	17,328	-	617,704	617,704	-	-	617,704
Equity securities - associate	-	187,447,034	-	187,447,034	187,447,034	-	-	187,447,034
Participation Term Certificates	-	-	-	-	-	-	-	-
	<u>600,376</u>	<u>187,464,362</u>	<u>-</u>	<u>188,064,738</u>				
Financial assets - not measured at fair value								
Subsidiaries - unlisted shares	-	-	1,159,960,000	1,159,960,000				
Trade debts	-	-	436,785,963	436,785,963				
Loans	-	-	6,892,672	6,892,672				
Deposits and other receivables	-	-	149,258,998	149,258,998				
Due from related parties	-	-	1,321,381,769	1,321,381,769				
Cash and bank balances	-	-	6,081,905	6,081,905				
	<u>-</u>	<u>-</u>	<u>3,080,361,307</u>	<u>3,080,361,307</u>				
Financial liabilities - not measured at fair value								
Short term financing	-	-	2,249,757,571	2,249,757,571				
Trade and other payables	-	-	102,750,908	102,750,908				
Liabilities against assets subject to finance lease	-	-	49,194,992	49,194,992				
Accrued mark-up on short term financing	-	-	78,648,912	78,648,912				
Unclaimed dividend	-	-	3,528,042	3,528,042				
	<u>-</u>	<u>-</u>	<u>2,483,880,425</u>	<u>2,483,880,425</u>				

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

30 June 2019	Carrying amount				Fair value			
	Fair value through profit or loss	FVOCI - equity instruments	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees) -----								
Financial assets - measured at fair value								
Equity securities	593,092	15,628,632	-	16,221,724	16,221,724	-	-	16,221,724
Equity securities - associate	-	133,394,344	-	133,394,344	133,394,344	-	-	133,394,344
Participation Term Certificates	10,787,535	-	-	10,787,535	10,787,535	-	-	10,787,535
Financial assets - not measured at fair value								
Subsidiaries - unlisted shares	-	-	1,159,960,000	1,159,960,000				
Trade debts	-	-	601,589,094	601,589,094				
Loans	-	-	16,170,507	16,170,507				
Deposits and other receivables	-	-	172,604,853	172,604,853				
Due from related parties	-	-	976,856,001	976,856,001				
Cash and bank balances	-	-	3,079,537	3,079,537				
	<u>11,380,627</u>	<u>149,022,976</u>	<u>2,930,259,992</u>	<u>3,090,663,595</u>				
Financial liabilities - not measured at fair value								
Short term financing	-	-	2,082,088,834	2,082,088,834				
Trade and other payables	-	-	283,186,742	283,186,742				
Liabilities against assets subject to finance lease	-	-	5,770,623	5,770,623				
Accrued mark-up on short term financing	-	-	44,715,024	44,715,024				
Unclaimed dividend	-	-	3,535,500	3,535,500				
	<u>-</u>	<u>-</u>	<u>2,419,296,723</u>	<u>2,419,296,723</u>				

The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

17. GENERAL

17.1 Segment reporting

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 31 December 2019 are located in Pakistan. Sales to four major customers of the Company aggregates to 84.63% during the six months period ended 31 December 2019 (31 December 2018: 85.15%).

17.2 This condensed interim unconsolidated financial information was authorized for issue by the Board of Directors on February 28, 2020.



Chief Financial Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

ASSETS	Note	31 December 2019 (Un-audited)	30 June 2019 (Audited)
------(Rupees)-----			
Non-current assets			
Property, plant and equipment	4	5,021,096,709	4,597,075,115
Intangible assets		652,986	1,138,159
Long term investments		306,477,909	278,706,019
Long term loan and receivable		7,315,464	6,897,737
		<u>5,335,543,068</u>	<u>4,883,817,030</u>
Current assets			
Stores and spares		74,679,416	61,971,605
Stock-in-trade		1,455,662,695	1,404,712,679
Trade debts - net		436,785,963	601,589,094
Loans and advances		132,450,589	69,088,671
Deposits, prepayments and other receivables		378,443,912	496,866,412
Current maturity of long term receivables		-	13,995,364
Taxation - net		126,623,182	123,339,561
Short term investments		8,343,638	34,735,199
Cash and bank balances		33,000,552	32,771,396
		<u>2,645,989,947</u>	<u>2,839,069,981</u>
Total assets		<u><u>7,981,533,015</u></u>	<u><u>7,722,887,011</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (30 June 2019: 200,000,000) ordinary shares of Rs.10/- each		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital		1,512,500,000	1,512,500,000
Share premium		1,095,352,578	1,095,352,578
Fair value reserve		59,761,395	(3,392,943)
Unappropriated profit		604,443,527	641,560,112
		<u>3,272,057,500</u>	<u>3,246,019,747</u>
Non-Controlling Interest		<u>328,626,274</u>	<u>330,115,497</u>
		<u>3,600,683,774</u>	<u>3,576,135,244</u>
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease		29,000,000	1,665,777
Deferred tax liabilities		70,110,097	69,986,776
Loans and borrowings		166,666,667	166,666,667
Employee benefits - gratuity		11,280,063	10,467,240
		<u>277,056,827</u>	<u>248,786,460</u>
Current liabilities			
Current maturity of liabilities against assets subject to finance lease		20,194,991	4,104,846
Short term financing		3,523,318,016	3,274,028,285
Trade and other payables		300,924,579	501,533,063
Due to related parties		145,023,901	33,818,656
Unclaimed Dividend		3,528,042	3,535,500
Accrued mark-up on short term financing		110,802,885	80,944,957
		<u>4,103,792,414</u>	<u>3,897,965,307</u>
Total equity and liabilities		<u><u>7,981,533,015</u></u>	<u><u>7,722,887,011</u></u>

CONTINGENCIES AND COMMITMENTS

5

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS (UN-AUDITED)

For the six months and three months period ended 31 December 2019

Note	For the six months period ended		For the three months period ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	------(Rupees)-----			
Turnover	1,756,061,643	3,089,945,615	785,776,167	1,516,773,820
Cost of sales	(1,569,582,577)	(2,732,198,383)	(718,782,995)	(1,353,220,475)
Gross profit	186,479,066	357,747,232	66,993,172	163,553,345
Administrative and selling expenses	(91,251,446)	(105,497,003)	(40,020,615)	(53,617,284)
	95,227,620	252,250,229	26,972,557	109,936,061
Other expenses	(3,605,858)	(14,601,338)	(1,062,670)	(5,529,737)
Other income	126,762,231	24,246,695	78,122,391	8,378,921
	123,156,373	9,645,357	77,059,721	2,849,184
Operating profit	218,383,993	261,895,586	104,032,278	112,785,245
Financial charges	(175,163,583)	(120,673,491)	(99,285,079)	(83,442,287)
Equity investments at FVTPL - net change in fair value	7,277	(13,445,792)	1,749,743	(14,083,211)
Share of profit in associates-net	(26,280,800)	(22,047,368)	1,649,200	(13,503,930)
Profit before taxation	16,946,887	105,728,935	8,146,142	1,755,817
Taxation	(40,206,954)	(62,617,855)	(23,194,280)	(24,520,261)
(Loss) / Profit after taxation	(23,260,067)	43,111,080	(15,048,138)	(22,764,444)
(Loss) / Profit attributable To:				
Owners of the Company	(21,770,844)	42,223,991		
Non-controlling interest	(1,489,223)	887,089		
	(23,260,067)	43,111,080		
(Loss) / Earnings per share				
- basic and diluted	(0.15)	0.28	(0.10)	(0.15)

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.



Chief Financial
Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six months and three months period ended 31 December 2019

	For the six months period ended		For the three months period ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	------(Rupees)-----			
(Loss) / profit after taxation	(23,260,067)	43,111,080	(15,048,138)	(22,764,444)
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit and loss				
Equity investments at FVOCI - net change in fair value	46,526,458	(7,368,447)	50,421,505	(5,217,544)
Total comprehensive income / (loss) for the period	23,266,391	35,742,633	35,373,367	(27,981,988)

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.



Chief Financial
Officer



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the six months period ended 31 December 2019

	31 December 2019	31 December 2018
	----- (Rupees) -----	
Profit before taxation	16,946,887	105,728,935
Adjustment for		
Depreciation	48,206,363	51,245,394
Amortization	485,173	656,460
Mark-up expense	167,959,622	71,723,612
Finance lease charges	28,342	277,650
Mark-up income	(789,459)	(11,533,788)
Interest income on PTC	(7,545,988)	(7,624,320)
Gain on disposal of item of property, plant and equipment	(1,317,073)	(3,503,619)
Provision for gratuity	816,823	1,432,987
Gain on disposal of investment	(1,282,139)	-
Loss on redemption of PTC	2,985,337	-
Share of profit in associates - net	26,280,800	22,047,368
Equity investments at FVTPL - net change in fair value	(7,277)	13,445,792
	252,767,411	243,896,471
Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(12,707,811)	(2,939,391)
Stock-in-trade	(50,950,016)	(80,472,038)
Trade debts	164,803,131	(140,889,216)
Loans and advances	(63,361,918)	54,284,488
Deposits, prepayments and other receivables	132,000,137	(140,842,898)
	169,783,523	(310,859,055)
(Decrease) / increase in current liabilities		
Trade and other payables	(200,608,484)	251,993,313
	221,942,450	185,030,729
Cash generated from operations	221,942,450	185,030,729
Mark-up paid	(138,100,461)	(52,736,326)
Gratuity Paid	(4,000)	-
Tax paid	(43,367,254)	(61,318,932)
Net cash generated from operating activities	40,470,735	70,975,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(470,924,277)	(1,392,145,294)
Mark-up received	789,459	11,533,788
Dividend received	7,545,988	7,624,320
Proceeds from disposal of item of property, plant and equipment	3,949,623	6,084,076
Redemption/(Purchase) of investments - net	18,450,314	(252,896)
Net cash used in investing activities	(440,188,893)	(1,367,156,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(6,186,204)	(9,734,981)
Proceeds from loans and borrowings	-	340,291,614
Loan from director	111,205,245	-
Proceeds from Sales & Lease back transaction	45,646,000	-
Dividend Paid	(7,458)	(27,844)
Net cash generated from financing activities	150,657,583	330,528,789
Net decrease in cash and cash equivalents	(249,060,575)	(965,651,746)
Cash and cash equivalents at beginning of the period	(3,241,256,889)	(903,734,756)
Cash and cash equivalents at end of the period	(3,490,317,464)	(1,869,386,502)

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.


Chief Financial
Officer


Chief Executive


Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the six months period ended 31 December 2019

	Share capital	Capital reserve		Revenue reserve	Total equity
	Issued, subscribed and paid up Capital	Share premium	Fair value reserve of equity securities - FVOCI	Unappropriated profit	
	(Rupees)				
Balance as at 30 June 2018	1,512,500,000	1,095,352,578	13,240,378	696,944,970	3,318,037,926
Adjustment on initial application of IFRS 15	-	-	-	11,265,520	-
Adjusted balance as at 1 July 2018 - restated	1,512,500,000	1,095,352,578	13,240,378	708,210,490	3,318,037,926
Total comprehensive income for the period ended 31 December 2018					
Profit after taxation	-	-	-	42,223,991	42,223,991
Other comprehensive income			(7,368,447)		(7,368,447)
	-	-	(7,368,447)	42,223,991	34,855,544
Transactions with owners	-	-	-	-	-
Balance as at 31 December 2018	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>5,871,931</u>	<u>750,434,481</u>	<u>3,352,893,470</u>
Balance as at 01 July 2019	1,512,500,000	1,095,352,578	(3,392,943)	641,560,112	3,246,019,747
Total comprehensive income for the period ended 31 December 2019					
Loss after taxation	-	-	-	(21,770,844)	(21,770,844)
Reclassification of unrealised gain on sale of investment carried at FVOCI	-	-	16,627,880	(16,627,880)	-
Gain on sale of investment carried at FVOCI	-	-	-	1,282,139	1,282,139
Other comprehensive income	-	-	46,526,458	-	46,526,458
	-	-	63,154,338	(37,116,585)	26,037,753
Transactions with owners	-	-	-	-	-
Balance as at 31 December 2019	<u>1,512,500,000</u>	<u>1,095,352,578</u>	<u>59,761,395</u>	<u>604,443,527</u>	<u>3,272,057,500</u>

The annexed notes 1 to 9 form an integral part of the condensed interim consolidated financial information.



Chief Financial Officer



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

1. STATUS AND NATURE OF BUSINESS

1.1 Legal status and operations

Loads Limited ("the Parent Company") was incorporated in Pakistan on January 01, 1979 as a private limited company under the Companies Act, 1913 {repealed with the enactment of the Companies Ordinance, 1984 (repealed with the enactment of Companies Act, 2017 on May 30, 2017)}.

On December 19, 1993, the Parent Company was converted from private limited company to public unlisted company and subsequently on November 01, 2016, the shares of the Parent Company were listed on Pakistan Stock Exchange Limited (PSX). The registered address of the of the Parent Company is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

The principal activity of the Parent Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

The Parent Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

There are four subsidiaries and one associate (Treet Corporation Limited) of the Parent Company. Subsidiaries are carried at cost. The details are as follows:

Name of the Company	Incorporation date	Effective holding %		Principle line of business
		31 December 2019	30 June 2019	
Subsidiaries				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	91%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	92%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL)	13 January 2017	80%	80%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
Associate				
Treet Corporation Limited	22 January 1977	5.37%	5.32%	Manufacture and sale of razors, razor blades and other trading activities

Plants of SAIL and MAIL are situated at DSU-19 and DSU-38 respectively in Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi. HAWL has acquired land for establishing industrial unit which is located at National Industrial Park, Bin Qasim, the Special Economic Zone declared by Government of Sindh.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim consolidated financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual audited consolidated financial statements of the Parent Company as at and for the year ended 30 June 2019. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Parent Company's financial position and performance since the last financial statements.

2.2 Basis of measurement

This condensed interim consolidated financial information has been prepared on the historical cost convention, except for certain investments which are stated at fair value and provision for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

The condensed interim consolidated financial information is presented in Pak Rupee which is also the functional currency of the Parent Company and rounded off to the nearest rupee.

2.4 Key estimates and judgments

The preparation of the condensed interim consolidated financial information in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing the condensed interim consolidated financial information, the significant judgments made by the management in applying the Parent Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2019 except for new significant judgments and key sources of estimation uncertainty related to application of IFRS 16 which are discussed in note 3. The Parent Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2019.

3. CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim consolidated financial statements are the same as those applied in the last annual consolidated financial statements.

The Parent Company has adopted IFRS 16 Leases from 1 July 2019. A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Parent Company's financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Parent Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Parent Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2018 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.

A. Definition of a lease

Previously, the Parent Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Parent Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Parent Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Parent Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B. As a lessee

The Parent Company leases properties. As a lessee, the Parent 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 Parent Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Parent Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

Property, plant and equipment (Rupees in '000)

Balance at 1 July 2019	76,039
Balance at 31 December 2019	<u>122,044</u>

The Parent Company presents lease liabilities in the statement of financial position.

i) Significant accounting policies

The Parent Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Parent Company's accounting policies.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Parent Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

ii) Transition

Previously, the Parent Company classified property leases as operating leases under IAS 17. These include property where offices of the Company are situated. The leases typically run for a period of 3 years. Some leases include an option to renew the lease for an additional years.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

C. As a lessor

The accounting policies applicable to the Parent Company as a lessor are not different from those under IAS 17. However, when the Parent Company is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Parent Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Parent Company has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Parent Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	Property, plant and equipment (Rupees in '000)
Right-of-use assets presented in property and equipment	76,039
Lease liabilities	<u>5,771</u>
When measuring lease liabilities for leases that were classified as finance leases, the Parent Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The rate applied is 18.25%	
Lease liabilities recognised at 1 July 2019	<u>5,771</u>

ii. Impacts for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as finance leases, the Parent Company recognised Rs. 76.04 million of right-of-use assets. Also in relation to those leases under IFRS 16, the Parent Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months period ended 31 December 2019, the Company recognised Rs. 3.9 million of depreciation charges and Rs. 1.4 million of interest costs from these leases.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

4. PROPERTY, PLANT AND EQUIPMENT	Note	31 December 2019 (Un-audited) (Rupees)	30 June 2019 (Audited)
Operating property, plant and equipment	4.1	820,236,010	859,206,477
Capital work-in-progress		4,200,860,699	3,737,868,638
		<u>5,021,096,709</u>	<u>4,597,075,115</u>

4.1 The following acquisitions and disposals have been made during six months period ended 31 December 2019.

	For the six months period ended			
	31 December 2019		31 December 2018	
	Acquisitions at cost	Disposals at book value	Acquisitions at cost	Disposals at book value
	------(Rupees)-----			
Building on leasehold land	244,457	-	14,911,153	-
Plant and machinery	4,255,951	-	21,055,571	2,009,028
Tools and equipment	6,018,182	-	3,733,239	-
Furniture, fittings and office equipment	3,331,530	-	3,144,297	-
Vehicles	4,308,485	2,632,550	10,908,950	571,429
	<u>18,158,605</u>	<u>2,632,550</u>	<u>53,753,210</u>	<u>2,580,457</u>

4.2 Leases

As a Lessee

'Property and equipment' comprise owned and leased assets that do not meet the definition of investment property.

	31 December 2019 (Rupees in '000)
Property and equipment owned	698,192
Right-of-use assets	<u>122,044</u>
	<u>820,236</u>

Information about leases for which the Company is a lessee is presented below.

Right-of-use assets

Balance at 1 July 2019	76,039
Addition during the period	49,867
Depreciation charge for the period	<u>(3,862)</u>
Balance at 31 December 2019	<u>122,044</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

31 December
2019
(Rupees in '000)

Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	17,110
One to five years	23,066
More than five years	-

Total undiscounted lease liabilities at 31 December **40,176**

Lease liabilities included in the statement of financial position at 31 December 2019 **49,195**

Current	<u>20,195</u>
Non-current	<u>29,000</u>

Amounts recognised in statement of profit or loss account

Interest on lease liabilities (1,399)

Amounts recognised in the statement of cash flows

Total cash outflow for leases 6,186

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the status of contingencies as disclosed under note 16 of the annual consolidated financial statements of the Company for the year ended 30 June 2019.

5.2 Commitments

Commitments in respect of letters of credit amounted to Rs. 159.358 million (30 June 2019: Rs. 343.869 million).

6. COST OF SALES	For the six months period ended		For the three months period ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	------(Rupees)-----			
Raw materials and components consumed	1,167,438,625	2,358,544,488	443,853,073	1,171,288,778
Ancillary materials consumed	40,057,234	56,136,632	20,933,686	23,751,141
Manufacturing Expenses				
Salaries, wages and other employee benefits	224,940,342	255,201,054	104,547,097	137,272,306
Toll manufacturing	34,893,837	62,692,445	17,141,329	27,577,085
Depreciation	44,069,507	46,805,576	22,239,713	23,750,831
Gas, power and water	17,591,277	22,273,374	8,875,187	11,041,170
Others	43,755,322	58,278,925	22,551,255	29,842,229
Manufacturing cost	1,572,746,144	2,859,932,494	640,141,340	1,424,523,540
Opening stock of work-in-process	86,975,090	150,978,815	168,780,312	173,950,179
Closing stock of work-in-process	(90,138,657)	(177,240,188)	(90,138,657)	(177,240,188)
	(3,163,567)	(26,261,373)	78,641,655	(3,290,009)
Opening stock of finished goods	-	49,683,031	-	83,142,713
Closing stock of finished goods	-	(151,155,769)	-	(151,155,769)
	-	(101,472,738)	-	(68,013,056)
	1,569,582,577	2,732,198,383	718,782,995	1,353,220,475

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the six months period ended 31 December 2019

7. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates.

Transactions and balances with related parties are disclosed below:

	31 December 2019	30 June 2019
	(Rupees)	
Investment in Treet Corporation		
Ordinary shares: 8,887,958 shares (30 June 2019: 8,741,438 shares)	<u>187,447,034</u>	<u>133,394,344</u>
Participation Term Certificates (PTCs): Nil PTCs (30 June 2019: 1,831,500 PTCs)	<u>-</u>	<u>32,948,685</u>
Receivable from provident fund	<u>416,707</u>	<u>9,004,535</u>
Employee benefits - gratuity	<u>(11,280,063)</u>	<u>(10,467,240)</u>
Treet Corporation Limited		
Interest income from PTCs	<u>7,545,988</u>	<u>12,655,665</u>

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

8. DATE OF AUTHORIZATION

This un-audited condensed interim financial information was authorized for issue by the Board Of Directors on February 28, 2020.

9. GENERAL

9.1 All figures, except for the 30th June 2019, appearing in this condensed interim consolidated financial statements are unaudited.

9.2 The amounts have been rounded off to nearest rupee.



**Chief Financial
Officer**



Chief Executive



Director



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