

Balance Sheet

As at June 30, 2016

	Note	2016 ----- Rupees '000 -----	2015 -----
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	716,566	616,118
Long term investment	7	1,144,006	1,028,320
Long term deposits	8	6,234	6,234
		<u>1,866,806</u>	<u>1,650,672</u>
CURRENT ASSETS			
Stores, spares and loose tools	9	51,530	51,312
Stock-in-trade	10	792,163	699,597
Trade debts	11	403,261	511,947
Advances, deposits, prepayments and other receivables	12	49,036	8,237
Accrued profit		486	683
Sales tax receivable		22,375	-
Short term investments	13	361,276	390,524
Taxation – net		38,820	-
Cash and bank balances	14	174,485	232,213
		<u>1,893,432</u>	<u>1,894,513</u>
		<u>3,760,238</u>	<u>3,545,185</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2015: 40,000,000) Ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	15	144,000	144,000
Reserves		<u>3,203,142</u>	<u>3,006,678</u>
		<u>3,347,142</u>	<u>3,150,678</u>
NON CURRENT LIABILITIES			
Deferred taxation	16	41,404	54,777
CURRENT LIABILITIES			
Trade and other payables	17	371,692	319,203
Taxation – net		-	16,299
Sales tax payable		-	4,228
		<u>371,692</u>	<u>339,730</u>
COMMITMENTS			
	18		
		<u>3,760,238</u>	<u>3,545,185</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 39 form an integral part of these financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Profit and Loss Account

For the year ended June 30, 2016

	Note	2016 ----- Rupees '000 -----	2015 ----- Rupees '000 -----
Turnover – net	19	5,758,380	4,923,276
Cost of sales	20	(4,723,905)	(3,934,624)
Gross profit		1,034,475	988,652
Distribution costs	21	(120,344)	(83,263)
Administrative expenses	22	(161,827)	(140,238)
		(282,171)	(223,501)
Operating profit		752,304	765,151
Other expenses	23	(63,263)	(63,765)
Other income	24	24,838	33,742
Finance costs	25	(547)	(1,729)
		(38,972)	(31,752)
Profit before taxation		713,332	733,399
Taxation	26	(228,868)	(248,338)
Profit after taxation		484,464	485,061
		Rupees	Rupees
Earnings per share – basic and diluted	27	16.82	16.84

The annexed notes from 1 to 39 form an integral part of these financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Statement of Comprehensive Income

For the year ended June 30, 2016

	2016	2015
	----- Rupees '000 -----	----- Rupees '000 -----
Net profit for the year	484,464	485,061
Other comprehensive income	-	-
Total comprehensive income for the year	<u>484,464</u>	<u>485,061</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Cash Flow Statement

For the year ended June 30, 2016

	Note	2016 ----- Rupees '000 -----	2015 ----- Rupees '000 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	771,282	430,027
Finance costs paid		(547)	(1,729)
Income tax paid		(297,290)	(219,408)
Net cash generated from operating activities		<u>473,445</u>	<u>208,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(184,869)	(122,199)
Proceeds from disposal of property, plant and equipment		4,658	2,893
Long term investments into subsidiary		(115,686)	-
Profit received on term deposit receipts		12,592	29,731
Profit received on deposit accounts		5,745	-
Net cash used in investing activities		<u>(277,560)</u>	<u>(89,575)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(283,613)	(142,446)
Net cash used in financing activities		<u>(283,613)</u>	<u>(142,446)</u>
Net decrease in cash and cash equivalents		<u>(87,728)</u>	<u>(23,131)</u>
Cash and cash equivalents at the beginning of the year		622,213	645,344
Cash and cash equivalents at the end of the year	29	<u><u>534,485</u></u>	<u><u>622,213</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Statement of Changes in Equity

For the year ended June 30, 2016

	Issued, subscribed and paid-up capital	Reserves			Total	Total equity
		Capital reserve	Revenue reserves			
		Share premium	General	Unapp- ropriated profit		
Balance as at June 30, 2014	144,000	12,598	2,335,000	318,019	2,665,617	2,809,617
Final dividend for the year ended June 30, 2014 @ Rs. 5 /- per share	-	-	-	(144,000)	(144,000)	(144,000)
Transfer to general reserve	-	-	170,000	(170,000)	-	-
Profit after taxation for the year	-	-	-	485,061	485,061	485,061
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	485,061	485,061	485,061
Balance as at June 30, 2015	144,000	12,598	2,505,000	489,080	3,006,678	3,150,678
Final dividend for the year ended June 30, 2015 @ Rs. 7.50 /- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the period ended December 31, 2016 @ Rs. 2.50 /- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	170,000	(170,000)	-	-
Profit after taxation for the year	-	-	-	484,464	484,464	484,464
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	484,464	484,464	484,464
Balance as at June 30, 2016	144,000	12,598	2,675,000	515,544	3,203,142	3,347,142

The annexed notes from 1 to 39 form an integral part of these financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Notes to the Financial Statements

For the year ended June 30, 2016

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company, under the Companies Act, 1913 (now the Companies Ordinance, 1984), and is listed on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges) since June 1984. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

These financial statements are separate financial statements of the Company in which investments in subsidiary is accounted for on the basis of direct equity interest and is not consolidated or accounted for using equity method.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention.
- 3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

4.1 New / revised standards, interpretations and amendments

The Company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 – Equity Method in Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures

The adoption of the above accounting standards did not have any effect on the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2016

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

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

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 2: Share-based Payments – Classification and measurement of Share based Payments Transaction (Amendments)	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Notes to the Financial Statements

For the year ended June 30, 2016

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

5. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

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

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

	Note
- determining the residual values and useful lives of property, plant and equipment	5.1 & 6
- valuation of inventories	5.2, 5.3, 9 & 10
- provision against trade debts and other receivables	5.4, 11 & 12
- provision for tax and deferred tax	5.10, 26 & 16
- provision for employee's benefits	5.9 & 17.1
- warranty obligations	5.12 & 17.3

5.1 Property, plant and equipment

Owned

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

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in profit and loss account.

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

5.2 Stores, spares and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

Notes to the Financial Statements

For the year ended June 30, 2016

5.3 Stock-in-trade

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

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

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

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

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.4 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

5.5 Investments

Investment in subsidiary company

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

Held-to-maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

Available-for-sale

Investments which are not classified in the above category and which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. Transaction costs in the case of held-for-trading investments are charged to income when incurred. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

Notes to the Financial Statements

For the year ended June 30, 2016

5.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, bank balances and short term investments with a maturity of three months or less from the date of acquisition net of short-term running finance. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

5.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

5.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

5.9 Employees' benefits

Provident fund

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

Compensated absences

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

5.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Deferred

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

5.11 Provisions

Provision is recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Notes to the Financial Statements

For the year ended June 30, 2016

5.12 Warranty obligations

The Company recognises the estimated liability to repair or replace products under warranty at the balance sheet date on the basis of historical experience.

5.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in profit and loss account.

5.14 Revenue recognition

Sales are recorded when goods are dispatched to the customers.

Profit on term deposit receipts is recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

5.15 Borrowing costs

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

5.16 Research and development costs

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”.

5.17 Dividends and appropriation to reserve

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

6. PROPERTY, PLANT AND EQUIPMENT

		2016	2015
	Note	----- Rupees '000 -----	-----
Operating assets – tangible	6.1	668,889	615,428
Capital work-in-progress	6.4	47,677	690
		<u>716,566</u>	<u>616,118</u>

Notes to the Financial Statements

For the year ended June 30, 2016

6.1 Operating assets - tangible

	C O S T			Depreciation rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2015	Additions/ (disposals)	As at June 30, 2016		As at July 01, 2015	Charge for the Year	Disposals for the Year	As at June 30, 2016	As at June 30, 2016
	----- Rupees '000 -----			%	----- Rupees '000 -----				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	160,815	22,142	182,957	10	67,423	9,855	-	77,278	105,679
Plant and machinery	806,079	105,583 (3,567)	908,095	10 – 20	348,194	54,269	(2,435)	400,028	508,067
Furniture and fittings	8,742	1,125	9,867	15	4,986	668	-	5,654	4,213
Vehicles	73,815	6,784 (5,964)	74,635	20	34,781	8,695	(3,550)	39,926	34,709
Office equipment	3,450	830	4,280	20	2,011	356	-	2,367	1,913
Computer equipment	28,829	1,415 (62)	30,182	33	21,854	2,473	(25)	24,302	5,880
Dies and tools	37,891	-	37,891	40	26,596	4,519	-	31,115	6,776
2016	1,121,273	137,879 (9,593)	1,249,559		505,845	80,835	(6,010)	580,670	668,889

	C O S T			Depreciation rate	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2014	Additions/ (disposals)	As at June 30, 2015		As at July 01, 2014	Charge for the Year	Disposals for the Year	As at June 30, 2015	As at June 30, 2015
	----- Rupees '000 -----			%	----- Rupees '000 -----				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	127,410	33,405	160,815	10	60,449	6,974	-	67,423	93,392
Plant and machinery	748,668	68,597 (11,186)	806,079	10 – 20	305,924	51,384	(9,114)	348,194	457,885
Furniture and fittings	8,442	335 (35)	8,742	15	4,369	651	(34)	4,986	3,756
Vehicles	58,999	17,312 (2,496)	73,815	20	28,467	7,288	(974)	34,781	39,034
Office equipment	3,225	324 (99)	3,450	20	1,802	305	(96)	2,011	1,439
Computer equipment	27,553	1,991 (715)	28,829	33	19,698	2,825	(669)	21,854	6,975
Dies and tools	35,381	2,510	37,891	40	20,193	6,403	-	26,596	11,295
2015	1,011,330	124,474 (14,531)	1,121,273		440,902	75,830	(10,887)	505,845	615,428

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
Note		----- Rupees '000 -----	
6.2 Depreciation charge for the year has been allocated as follows :			
Cost of sales	20	71,484	67,730
Distribution costs	21	601	753
Administrative expenses	22	8,750	7,347
		80,835	75,830

6.3 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value	Sales proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
Plant and machinery / Dies and tools							
Plant, machinery & equipment	3,567	2,435	1,132	1,175	43	Auction	Pioneer Auctioneers
Computer equipment							
Computers & printers	62	26	36	40	4	Negotiation	Mr. Nadeem Athar
Vehicles							
Toyota Corolla	1,283	782	501	528	27	Company Policy	Mr. Fahim Kapadia –CEO
Toyota Corolla	1,426	989	437	756	319	Company Policy	Mr. Aslam Khan (Employee)
Suzuki Alto	712	407	305	565	260	Negotiation	Mr. Saeed Ahmed
Suzuki Cultus	970	513	457	633	176	Company Policy	Mr. Hassan M. Khan (Employee)
Suzuki Cultus	830	622	208	401	193	Company Policy	Mr. Tanveer ul Hassan (Employee)
Suzuki Mehran	673	213	460	500	40	Negotiation	Mr. Wajahat Ahmed Bhutto
Honda CD-70	70	23	47	60	13	Insurance Claim	Habib Insurance Co.
	5,964	3,549	2,415	3,443	1,028		
	2016	9,593	6,010	3,583	4,658	1,075	
	2015	14,531	10,887	3,644	2,893	(751)	

Plant and machinery	Civil works	Total
----- (Rs. in 000') -----		
690	-	690
68,182	19,621	87,803
(21,195)	(19,621)	(40,816)
47,677	-	47,677

6.4 Capital work-in-progress

Balance as at July 01, 2015	690	-	690
Capital expenditure incurred / advances made during the year	68,182	19,621	87,803
Transfer to operating assets during the year	(21,195)	(19,621)	(40,816)
Balance as at June 30, 2016	47,677	-	47,677

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees '000 -----	
7. LONG TERM INVESTMENT			
Investment in a subsidiary company - at cost			
Agriauto Stamping Company (Private) Limited	7.1	<u>1,144,006</u>	<u>1,028,320</u>

7.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs. 1,114.006 million (2015: Rs. 1,028.320 million) as at 30 June 2016. The Company holds 100 percent shares in the subsidiary company.

		2016	2015
	Note	----- Rupees '000 -----	
8. LONG TERM DEPOSITS			
Security deposits	8.1	<u>6,234</u>	<u>6,234</u>

8.1 Represents interest free deposits.

		2016	2015
9. STORES, SPARES AND LOOSE TOOLS			
Stores		23,236	19,639
Spares		24,734	27,315
Loose tools		3,560	4,358
		<u>51,530</u>	<u>51,312</u>

		2016	2015
10. STOCK-IN-TRADE			
Raw material		562,005	471,843
Packing material		3,956	6,077
Work-in-process		51,475	89,976
Finished goods		26,312	19,432
Goods-in-transit		148,415	112,269
		<u>792,163</u>	<u>699,597</u>

10.1 The amount of written down to NRV in respect of stock-in-trade was Rs 3.244 million (2015: Rs. 2.921 million).

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees '000 -----	
11. TRADE DEBTS – unsecured			
Considered good	11.1	403,261	511,947
Considered doubtful		318	445
Provision for impairment	11.2	(318)	(445)
		-	-
		<u>403,261</u>	<u>511,947</u>

11.1 This includes an amount of Rs. 0.464 million (2015: Rs. 5.473 million) due from a related party.

		2016	2015
	Note	----- Rupees '000 -----	
11.2 Reconciliation of provision for impairment is as follows:			
Balance at the beginning of the year		445	1,526
Reversal for the year	21	(17)	(1,060)
Write-offs during the year		(110)	(21)
Balance at the end of the year		<u>318</u>	<u>445</u>

12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances – unsecured, considered good

Suppliers		1,215	238
Contractors		1,860	1,245
Employees		1,090	143
		<u>4,165</u>	<u>1,626</u>

Deposits

	215	215
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Prepayments

Insurance		3,125	2,042
Rent		2,308	663
		<u>5,433</u>	<u>2,705</u>

Other receivables – unsecured, considered good	12.1	39,223	3,691
		<u>49,036</u>	<u>8,237</u>

12.1 This includes an amount of Rs. 39.211 million (2015: Nil) due from a wholly owned subsidiary.

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

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees '000 -----	
13. SHORT TERM INVESTMENTS			
Held- to- maturity	13.1	360,000	390,000
Term deposit receipts		1,276	524
Accrued profit thereon		<u>361,276</u>	<u>390,524</u>

13.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from 5.35 to 6.15% (2015: 6.6%) per annum and will mature by 27 September 2016.

		2016	2015
	Note	----- Rupees '000 -----	
14. CASH AND BANK BALANCES			
In hand		21	25
With banks in			
- current accounts		101,154	114,800
- deposit accounts	14.1	73,310	117,388
		<u>174,464</u>	<u>232,188</u>
		<u>174,485</u>	<u>232,213</u>

14.1 These carry profit rates ranging from 4% to 4.75% (2015: 5.5% to 6%) per annum.

14.2 Bank balances with deposits and saving accounts are placed under interest / mark-up arrangements. The Company has conventional banking relationships with all the banks.

		2016	2015
	Note	----- Rupees '000 -----	

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares in ('000')					
2016	2015		2016	2015	
22,800	22,800	Fully paid in cash	114,000	114,000	
6,000	6,000	Issued as fully paid bonus shares	30,000	30,000	
<u>28,800</u>	<u>28,800</u>		<u>144,000</u>	<u>144,000</u>	

15.1 Related parties held 2,115,600 (2015: 2,115,600) Ordinary shares of Rs. 5/- each in the Company at year end.

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees '000 -----	
16. DEFERRED TAXATION			
Taxable temporary differences arising due to:			
- accelerated tax depreciation		88,493	87,640
Deductable temporary differences arising due to:			
- provisions		(47,089)	(32,863)
		<u>41,404</u>	<u>54,777</u>
17. TRADE AND OTHER PAYABLES			
Creditors		88,373	97,157
Accrued liabilities		164,080	143,616
Royalty payable		14,194	11,140
Advance from customers		63	2,857
Payable to provident fund	17.1	1,584	1,391
Workers' Profit Participation Fund	17.2	5,343	909
Workers' Welfare Fund		15,181	15,373
Unclaimed dividends		18,412	14,025
Warranty obligations	17.3	44,562	27,485
Guarantee bond payable	17.4	16,227	1,111
Tax deducted at source		1,404	2,683
Others		2,269	1,456
		<u>371,692</u>	<u>319,203</u>
		--- (Unaudited) ---	--- (Unaudited) ---
17.1 General Disclosures			
Size of the fund		178,073	165,452
Cost of investments		142,281	114,051
Fair value of investments	17.1.1	165,946	154,383
Percentage of investments		94%	93.31%

Notes to the Financial Statements

For the year ended June 30, 2016

17.1.1 The breakup of fair value of investments is:

	2016		2015	
	----- (Unaudited) -----		----- (Unaudited) -----	
	--- Rupees '000 ---	%	--- Rupees '000 ---	%
Special Saving Certificates	87,684	49%	122,712	74%
Pakistan Investment Bond	19,582	11%	-	-
Term Finance Certificates	20,664	12%	10,609	6%
Mutual fund units	6,666	4%	6,123	4%
Shares in listed companies	3,272	2%	3,427	2%
Bank balance	28,078	16%	11,049	7%
Others	-	-	463	0.28%
Total	165,946	94%	154,383	93.28%

17.1.2 Investments of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2016	2015
		----- Rupees '000 -----	----- Rupees '000 -----
Balance at the beginning of the year		909	(10,123)
Allocation for the year	23	38,343	39,409
		39,252	29,286
Less: Payment made during the year		(33,909)	(28,377)
Balance at end of the year		5,343	909

17.2 Workers' Profit Participation Fund

		2016	2015
Balance at the beginning of the year		27,485	18,277
Provision for the year	21	39,444	14,083
		66,929	32,360
Less: Claims paid during the year		(22,367)	(4,875)
Balance at end of the year		44,562	27,485

17.4 The Company has provided bank guarantees to Collector of Customs as a security against the import duty.

18. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amount to Rs. 369.705 million (2015: Rs. 386.670 million).
- (ii) Commitments in respect of capital expenditure amount to Rs.86.886 million (2015: Rs. 5.265 million).
- (ii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 million (2015: Rs. 0.385 million).

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015
Note	----- Rupees '000 -----	
19. TURNOVER – net		
Sales	6,737,554	5,760,808
Less: Trade discount	163	134
Sales tax	979,011	837,398
	979,174	837,532
	<u>5,758,380</u>	<u>4,923,276</u>
20. COST OF SALES		
Raw material consumed		
Opening stock	471,843	294,628
Purchases	3,885,781	3,385,523
	4,357,624	3,680,151
Closing stock	(562,005)	(471,843)
	3,795,619	3,208,308
Manufacturing expenses		
Salaries, wages and benefits	327,704	275,108
Stores, spares and loose tools consumed	159,555	139,884
Fuel and power	84,009	88,674
Royalty and technical fees	78,530	36,493
Depreciation	71,484	67,730
Transportation and traveling	70,396	59,138
Repairs and maintenance	58,767	68,977
Packing material consumed	25,818	20,958
Rent, rates and taxes	6,358	6,223
Research and development costs	4,512	103
Insurance	2,738	3,262
Communications and professional fee	2,552	1,453
Printing and stationery	1,602	751
Others	2,640	3,482
	896,665	772,236
Work-in-process		
Opening stock	89,976	46,291
Closing stock	(51,475)	(89,976)
	38,501	(43,685)
	4,730,785	3,936,859
Cost of goods manufactured		
Finished goods		
Opening stock	19,432	17,197
Closing stock	(26,312)	(19,432)
	(6,880)	(2,235)
	<u>4,723,905</u>	<u>3,934,624</u>

Notes to the Financial Statements

For the year ended June 30, 2016

		2016	2015
	Note	----- Rupees '000 -----	
21. DISTRIBUTION COSTS			
Salaries, wages and benefits		13,067	14,325
Advertisement and sales promotion		31,888	23,223
Carriage and forwarding		29,246	26,672
Traveling and conveyance		4,006	3,505
Depreciation	6.2	601	753
Provision for warranty claims	17.3	39,444	14,083
Reversal for impairment of trade debts	11.2	(17)	(1,060)
Rent, rates and taxes		164	164
Communications		237	258
Insurance		1,466	869
Repairs and maintenance		191	397
Others		51	74
		<u>120,344</u>	<u>83,263</u>
22. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		55,824	56,752
Legal and professional charges		47,835	35,642
Traveling and conveyance		18,570	15,225
Repairs and maintenance		9,773	7,576
Depreciation	6.2	8,750	7,347
Security services		7,452	3,441
Communications and professional fee		4,587	3,547
Advertisement		1,902	1,479
Printing and stationery		1,605	1,101
Rent, rates and taxes		756	3,376
Utilities		1,513	1,529
Auditors' remuneration	22.1	1,140	1,096
Insurance		1,065	997
Others		1,055	1,130
		<u>161,827</u>	<u>140,238</u>
22.1 Auditors' remuneration			
Audit fee for standalone financial statements		700	660
Audit fee for consolidated financial statements		145	138
Fee for review of half yearly financial statements		70	66
Other certifications		124	135
Out of pocket expenses		101	97
		<u>1,140</u>	<u>1,096</u>
23. OTHER EXPENSES			
Workers' Profit Participation Fund	17.2	38,343	39,409
Workers' Welfare Fund		15,181	15,373
Donations	23.1	9,739	8,983
		<u>63,263</u>	<u>63,765</u>

Notes to the Financial Statements

For the year ended June 30, 2016

23.1 Donations include the following donee in whom director or spouse have interest:

Name of Donee	Address of Donee	Name of Director	2016	2015
			----- Rupees '000 -----	
RCKD Foundation Endowment Fund	15-H, Block VI, PECHS Karachi	Mr. Sohail P. Ahmed	225	-

Note	2016	2015
	----- Rupees '000 -----	

24. OTHER INCOME

Income from financial assets			
Profit on:			
- term deposit receipts	24.1	13,342	21,397
- deposit accounts	24.2	5,548	8,158
		<u>18,890</u>	<u>29,555</u>
Liabilities no longer payable - written back		643	62
Income from non-financial assets			
Gain / (loss) on disposal of property, plant and equipment	6.3	1,075	(751)
Scrap sales		4,213	4,876
Miscellaneous income		17	-
		<u>5,305</u>	<u>4,125</u>
		<u>24,838</u>	<u>33,742</u>

24.1 Represents profit on term deposit receipts with a commercial bank under conventional banking relationship.

24.2 Represents markup on bank accounts under conventional banking relationship.

2016	2015
----- Rupees '000 -----	

25. FINANCE COSTS

Mark-up on short-term running finance	283	1,435
Bank charges	264	294
	<u>547</u>	<u>1,729</u>

26. TAXATION

Current	219,007	232,791
Prior	917	(773)
Super tax	22,317	22,598
Deferred	(13,373)	(6,278)
	<u>228,868</u>	<u>248,338</u>

Notes to the Financial Statements

For the year ended June 30, 2016

	2016	2015
	----- Rupees '000 -----	
26.1 Relationship between tax expense and accounting profit		
Profit before taxation	<u>713,332</u>	<u>733,399</u>
Tax at the rate of 32% (2015: 33%)	<u>228,266</u>	242,022
Tax effects of:		
Expenses that are admissible in determining taxable profit	9,779	6,553
Effect of previous years tax charge	917	(773)
Tax rebates	<u>(19,038)</u>	(15,784)
Deferred	<u>(13,373)</u>	(6,278)
Super tax	<u>22,317</u>	22,598
	<u>228,868</u>	<u>248,338</u>

27. EARNINGS PER SHARE – basic and diluted

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

	2016	2015
	----- Rupees '000 -----	
Profit after taxation (Rs. in 000')	<u>484,464</u>	<u>485,061</u>
Weighted average number of ordinary shares outstanding during the year (in 000')	<u>28,800</u>	<u>28,800</u>
Basic earnings per share (Rs.)	<u>16.82</u>	<u>16.84</u>

Notes to the Financial Statements

For the year ended June 30, 2016

	Note	2016	2015
		----- Rupees '000 -----	
28. CASH GENERATED FROM OPERATIONS			
Profit before taxation		713,332	733,399
Adjustments for			
Depreciation		80,835	75,830
Finance costs		547	1,729
Reversal for impairment of trade debts		(17)	(1,060)
Liabilities no longer payable - written back		(643)	(62)
Profit on term deposit receipts		(13,342)	(21,397)
Profit on deposit accounts		(5,548)	(8,158)
(Gain) / loss on disposal of property, plant and equipment		(1,075)	751
		<u>60,757</u>	<u>47,633</u>
		774,089	781,032
Increase in current assets			
Stores, spares and loose tools		(219)	4,024
Stock-in-trade		(92,567)	(257,109)
Trade debts		108,686	(264,636)
Advances, deposits, prepayments and other receivables		(40,780)	66,743
Sales tax receivable		(22,375)	-
		<u>(47,255)</u>	<u>(450,978)</u>
Increase in current liabilities			
Trade and other payables		48,676	95,745
Sales tax payable		(4,228)	4,228
		<u>44,448</u>	<u>99,973</u>
		771,282	430,027
29. CASH AND CASH EQUIVALENTS			
Short term investments – term deposit receipts	13	360,000	390,000
Cash and bank balances	14	<u>174,485</u>	<u>232,213</u>
		534,485	622,213
30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			
The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:			
30.1 Market risk			
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.			
(i) Interest rate risk			
Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Company's profit after tax by Rs. 2.947 million (2015 : Rs. 3.399 million) and a 1% decrease would result in the decrease in the Company's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.			

Notes to the Financial Statements

For the year ended June 30, 2016

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2016, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

30.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk mainly on trade debts, short term investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers considered credit worthy and obtaining securities where applicable.

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

	2016	2015
	----- Rupees '000 -----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	303,921	385,248
Past due but not impaired – 30 to 90 days	99,340	126,699
	<u>403,261</u>	<u>511,947</u>
Bank balances		
Ratings		
A-1+	77,905	52,017
A1+	96,344	179,956
P1	215	215
	<u>174,464</u>	<u>232,188</u>
Short term investments		
Ratings		
A1+	360,000	390,000
	<u>360,000</u>	<u>390,000</u>

30.3 Liquidity risk

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

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

Notes to the Financial Statements

For the year ended June 30, 2016

	2016			
	On demand	Less than 3 months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	<u>159,797</u>	<u>196,440</u>	<u>15,455</u>	<u>371,692</u>

	2015			
	On demand	Less than 3 months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	<u>110,278</u>	<u>193,552</u>	<u>15,373</u>	<u>319,203</u>

31. CAPITAL RISK MANAGEMENT

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

32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than disclosed elsewhere in the financial statements, are as follows:

	2016	2015
	----- Rupees '000 -----	
Purchase of goods	<u>1,681</u>	<u>1,096</u>
Contribution to the Provident fund	<u>6,750</u>	<u>6,374</u>
Sale of goods	<u>34,050</u>	<u>18,054</u>

The receivable/payable balances with related parties as at June 30, 2016 are disclosed in the respective notes to the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2016

33. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

33.1 Aggregate amounts charged in the financial statements are as follows:

	2016			2015		
	Chief		Executives	Chief		Executives
	Chairman	Executive		Chairman	Executive	
	(Rupees in '000)					
Managerial remuneration	-	13,650	68,994	7,353	13,125	46,615
Retirement benefits	-	540	2,396	-	521	2,060
Utilities	-	158	280	316	92	237
Medical expenses	-	60	816	100	54	699
Leave encashment	-	-	24	-	-	-
	-	14,408	72,510	7,769	13,792	49,611
Number of persons	1	1	31	1	1	22

33.2 The Chairman, Chief Executive and certain Executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy.

34. PRODUCTION CAPACITY

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

35. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2015: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2014: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

36.1 The Board of Directors in its meeting held on August 29, 2016 (i) approved the transfer of Rs. 300 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 6.25 per share for the year ended June 30, 2016 amounting to Rs. 180 million for approval of the members at the Annual General Meeting to be held on September 29, 2016.

36.2 The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Holding Company has proposed 10 % dividend for the financial and tax year 2016 which exceeds the prescribed minimum dividend requirement as aforesaid. The Holding Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2016.

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 262 (2015: 253) and the average number of persons employed during the year were 255 (2015: 253).

38. GENERAL

Figures have been rounded off to the nearest thousands.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 29, 2016 by the Board of Directors of the Company.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive