



Financial Statements (Unconsolidated)

Unconsolidated Statement of Financial Position

As at June 30, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	667,623	654,025
Intangible asset	8	7,863	-
Long-term investment	9	1,144,006	1,144,006
Long-term deposits	10	6,234	6,234
		1,825,726	1,804,265
CURRENT ASSETS			
Stores, spares and loose tools	11	83,178	61,927
Stock-in-trade	12	964,242	745,822
Trade debts	13	431,931	430,360
Advances, deposits, prepayments and other receivables	14	7,099	11,171
Accrued profit		681	777
Short-term investments	15	543,560	641,778
Sales tax receivable		9,086	5,259
Taxation – net		254,258	229,421
Cash and bank balances	16	230,264	232,115
		2,524,299	2,358,630
TOTAL ASSETS		4,350,025	4,162,895
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2017: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	17	144,000	144,000
Reserves		3,726,986	3,537,779
		3,870,986	3,681,779
NON CURRENT LIABILITIES			
Deferred taxation	18	16,792	28,302
CURRENT LIABILITIES			
Trade and other payables	19	436,227	431,552
Unpaid dividend		2,516	968
Unclaimed dividend		23,504	20,294
		462,247	452,814
COMMITMENTS			
	20		
TOTAL EQUITY AND LIABILITIES		4,350,025	4,162,895

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
Turnover – net	21	6,112,980	5,657,541
Cost of sales	22	(4,997,062)	(4,611,657)
Gross profit		1,115,918	1,045,884
Distribution cost	23	(118,783)	(120,014)
Administrative expenses	24	(207,076)	(190,385)
		(325,859)	(310,399)
Operating profit		790,059	735,485
Other expenses	25	(70,667)	(70,722)
Other income	26	54,180	145,961
Finance cost	27	(334)	(360)
		(16,821)	74,879
Profit before taxation		773,238	810,364
Taxation	28	(252,831)	(223,727)
Profit after taxation		520,407	586,637
		Rupees	Rupees
Earnings per share – basic and diluted	29	18.07	20.37

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2018

	2018	2017
	----- (Rupees in '000) -----	
Net profit for the year	520,407	586,637
Other comprehensive income	-	-
Total comprehensive income for the year	520,407	586,637

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018 ----- (Rupees in '000) -----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	30	568,808	893,432
Finance cost paid		(334)	(360)
Income tax paid		(289,126)	(425,321)
Net cash generated from operating activities		279,348	467,751
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(111,243)	(61,115)
Proceeds from disposal of property, plant and equipment		11,027	10,145
Profit received on short-term investments		39,408	11,805
Profit received on deposit accounts		9,023	8,359
Dividend received		-	114,401
Proceeds from transfer of property, plant and equipment to subsidiary company		-	33,154
Net cash (used in) / generated from investing activities		(51,785)	116,749
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(326,442)	(249,150)
Net cash used in financing activities		(326,442)	(249,150)
Net (decrease) / increase in cash and cash equivalents		(98,879)	335,350
Cash and cash equivalents at the beginning of the year		869,835	534,485
Cash and cash equivalents at the end of the year	31	770,956	869,835

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



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Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2018

	R e s e r v e s					Total equity
	Issued, Subscribed and paid-up Capital	Capital reserve	Revenue reserves		Total reserves	
		Share premium	General	Unappropriated profit		
----- (Rupees in '000) -----						
Balance as at June 30, 2016	144,000	12,598	2,675,000	515,544	3,203,142	3,347,142
Final dividend for the year ended June 30, 2016 @ Rs. 6.25/- per share	-	-	-	(180,000)	(180,000)	(180,000)
Interim dividend for the year ended June 30, 2017 @ Rs. 2.50/- per share	-	-	-	(72,000)	(72,000)	(72,000)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the year	-	-	-	586,637	586,637	586,637
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	586,637	586,637	586,637
Balance as at June 30, 2017	144,000	12,598	2,975,000	550,181	3,537,779	3,681,779
Final dividend for the year ended June 30, 2017 @ Rs. 7.5/- per share	-	-	-	(216,000)	(216,000)	(216,000)
Interim dividend for the year ended June 30, 2018 @ Rs. 4.0/- per share	-	-	-	(115,200)	(115,200)	(115,200)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the year	-	-	-	520,407	520,407	520,407
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	520,407	520,407	520,407
Balance as at June 30, 2018	144,000	12,598	3,275,000	439,388	3,726,986	3,870,986

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

1. THE COMPANY AND ITS OPERATIONS

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

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

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

For a detailed discussion about the Company's performance, refer to the Directors' Report.

3. STATEMENT OF COMPLIANCE

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

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

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

3.2 The Act has also brought certain changes with regard to the preparation and presentation of these unconsolidated financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and incorporation of additional/ amended disclosures as mentioned in notes 2, 7.3, 22.1, 25.1, 28.2, 36 & 40.

4. BASIS OF MEASUREMENT

4.1 These unconsolidated financial statements have been prepared under the historical cost convention.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 New standards, amendments and interpretations

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

Standards, amendments and interpretations 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 Transactions (Amendments)	01 January 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 – Financial Instruments	01 July 2018
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 15 – Revenue from Contracts with Customers	01 July 2018
IFRS 16 – Leases	01 January 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	01 January 2019
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	01 January 2019

The above standards and interpretations are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the unconsolidated financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

IASB Effective date (accounting periods beginning on or after)

Standard

IFRS 14 – Regulatory Deferral Accounts

01 January 2016

IFRS 17 – Insurance Contracts

01 January 2021

5.2 Property, plant and equipment

Owned

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

Depreciation on fixed assets is charged to the unconsolidated statement of profit or loss applying the reducing balance method at the rates specified in note 7 to the unconsolidated financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in unconsolidated statement of profit or loss.

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

5.3 Development costs

Development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 “Intangible Assets”. These amounts are amortised at the rate disclosed in note 8 to the unconsolidated financial statements.

5.4 Stores, spares and loose tools

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

5.5 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 valued on the basis of equivalent production units.
Finished goods	-	Cost of direct materials plus conversion cost valued on time proportion basis.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

5.6 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

5.7 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.

5.8 Cash and cash equivalents

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

5.9 Financial instruments

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 or loss.

5.10 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the unconsolidated statement of financial position 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.

5.11 Employees' benefits

Provident fund

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

Compensated absences

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

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher 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 recognition or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date.

5.13 Provisions

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

5.14 Warranty obligations

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

5.15 Foreign currency transactions

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

5.16 Revenue recognition

- Sales are recorded when goods are dispatched to the customers.
- Profit on term deposit receipts and treasury bills 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.
- Scrap sales are accounted for on accrual basis.

5.17 Borrowing costs

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

5.18 Dividends and appropriation to reserve

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

5.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6. SIGNIFICANT ACCOUNTING 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:

	Notes
- determining the residual values and useful lives of property, plant and equipment	5.2 & 7
- provision against trade debts and other receivables	5.6, 13 & 14
- provision for tax and deferred tax	5.12, 18 & 28
- warranty obligations	5.14 & 19.3
- provision for employee benefits	5.11 & 19.1

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018 ----(Rupees in '000)----	2017
Operating fixed assets	7.1	644,258	653,335
Capital work-in-progress	7.5	23,365	690
		667,623	654,025

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

7.1 Operating fixed assets

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2017	Additions/ (disposals)	As at June 30, 2018		As at July 01, 2017	Charge for the year	Disposals for the year	As at June 30, 2018	As at June 30, 2018
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	1,652	
Building on freehold land	189,672	-	189,672	10	87,902	10,177	-	98,079	
Plant and machinery	947,823	57,566 (4,817)	1,000,572	10 – 20	453,383	55,474	(1,095)	507,762	
Furniture and fittings	13,854	1,704	15,558	15	6,577	1,218	-	7,795	
Vehicles	78,082	18,511 (13,186)	83,407	20	39,829	9,525	(8,830)	40,524	
Office equipment	4,360	113	4,473	20	2,758	334	-	3,092	
Computer equipment	30,599	1,222 (1,429)	30,392	33	26,323	1,674	(1,343)	26,654	
Dies and tools	37,891	-	37,891	40	33,826	1,627	-	35,453	
2018	1,303,933	79,116 (19,432)	1,363,617		650,598	80,029	(11,268)	719,359	
								644,258	

	COST			Depreciation rate %	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 01, 2016	Additions/ (disposals)	As at June 30, 2017		As at July 01, 2016	Charge for the year	Disposals for the year	As at June 30, 2017	As at June 30, 2017
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	1,652	
Building on freehold land	182,957	6,715	189,672	10	77,278	10,624	-	101,770	
Plant and machinery	908,095	50,792 (8,470)	950,417	10 – 20	400,028	58,974	(5,619)	453,383	
Furniture and fittings	9,867	4,083 (96)	13,854	15	5,654	1,013	(90)	6,577	
Vehicles	74,635	12,862 (12,009)	75,488	20	39,926	8,329	(8,426)	39,829	
Office equipment	4,280	80	4,360	20	2,367	391	-	2,758	
Computer equipment	30,182	417	30,599	33	24,302	2,021	-	26,323	
Dies and tools	37,891	-	37,891	40	31,115	2,711	-	33,826	
2017	1,249,559	74,949 (20,575)	1,303,933		580,670	84,063	(14,135)	650,598	
								653,335	

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

	Note	2018 ---(Rupees in '000)---	2017
Cost of sales	22	70,482	75,477
Distribution costs	23	1,528	963
Administrative expenses	24	8,019	7,623
		80,029	84,063

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

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

7.4 The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value	Sales Proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
----- (Rs. in 000') -----							
Plant and machinery							
Tractor XT85	891	101	790	600	(190)	Negotiation	Mr. Shahid Waheed
Tractor XT75	829	107	722	700	(22)	Negotiation	Mr. Munir Ahmad
Tractor XT75	818	68	750	850	100	Negotiation	Mr Afzal Tarar
Tractor XT85D	1,351	524	827	800	(27)	Negotiation	Mr. Munir Ahmed
Tractor XT85	928	295	633	600	(33)	Negotiation	Mr. Munir Ahmed
	4,817	1,095	3,722	3,550	(172)		
Computer Equipment	1,429	1,343	86	63	(23)	Negotiation	Various
Vehicles							
Toyota Corolla Altis	2,302	1,218	1,084	1,462	378	Company Policy	Mr. Aqeel Loon (Ex-employee)
Toyota Corolla Altis	2,152	953	1,199	1,600	401	Company Policy	Mr. Sarfraz Ahmed Khan (Ex-employee)
Toyota Corolla	1,414	1,156	258	297	39	Company Policy	Mr. Fahim Kapadia (CEO)
Toyota Corolla	1,414	1,174	240	1,065	825	Negotiation	Toyota Southern Motors, Karachi
Toyota Corolla	1,354	1,107	247	1,160	913	Negotiation	Car Selection
Suzuki Cultus	1,019	628	391	750	359	Negotiation	Mr. Muhammad Saad
Suzuki Cultus	842	670	172	177	5	Company Policy	Mr. Shahid Sattar (Employee)
Suzuki Mehran	673	404	269	362	96	Company Policy	Mr. Minhajuddin (Employee)
Suzuki Mehran	671	539	132	141	9	Company Policy	Mr. Shamsul Huda (Employee)
Daihatsu Cuore	645	530	115	135	20	Company Policy	Mr. Shizan Ali Fareed (Employee)
Suzuki Mehran	637	433	204	210	6	Company Policy	Mr. Farhan Siddique (Employee)
Honda Motorcycle	63	18	45	55	10	Insurance Claim	Habib Insurance Company
	13,186	8,830	4,356	7,414	3,061		
2018	19,432	11,268	8,164	11,027	2,866		
2017	20,575	14,135	6,440	10,145	3,705		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

7.5 Capital work-in-progress – Plant and Machinery

	Note	2018 —(Rupees in '000)—	2017
As at July 01		690	47,667
Capital expenditure incurred / advances made during the year		23,365	7,771
Transfer to operating assets during the year		(690)	(54,748)
As at June 30		23,365	690

8. INTANGIBLE ASSET

Cost

Opening as at July 1		-	-
Additions during the year	8.1	9,452	-
Closing balance		9,452	-

Accumulated amortization

Opening as at July 1		-	-
Charge for the year		(1,589)	-
Closing balance		(1,589)	-

Net book value as at June 30

		7,863	-
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Annual rate of amortization

		20%	-
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8.1 This represents development costs incurred in respect of parts for upcoming models of motor vehicles.

9. LONG-TERM INVESTMENT

	Note	2018 —(Rupees in '000)—	2017
Investment in a subsidiary company - at cost			
Agriauto Stamping Company (Private) Limited	9.1	1,144,006	1,144,006

9.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs. 1,144.006 million (2017: Rs. 1,144.006 million) as at 30 June 2018. The Company holds 100 percent shares of the subsidiary company. This investment in subsidiary company has been made in accordance with the requirements under the Act.

10. LONG TERM DEPOSITS

	Note	2018 —(Rupees in '000)—	2017
Security deposits	10.1	6,234	6,234

10.1 Represents interest free deposits.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

11. STORES, SPARES AND LOOSE TOOLS

	2018 ----(Rupees in '000)----	2017
Stores	44,511	34,079
Spares	34,887	23,470
Loose tools	3,780	4,378
	<u>83,178</u>	<u>61,927</u>

12. STOCK-IN-TRADE

Raw material	669,766	540,069
Packing material	3,693	4,200
Work-in-process	48,913	47,379
Finished goods	33,173	29,688
Goods-in-transit	208,697	124,486
	<u>964,242</u>	<u>745,822</u>

12.1 The write down of stock-in-trade to Net realizable value during the year amounted to Rs. 0.056 million (2017: Rs. 26.644 million).

12.2 The reversal of write down of stock-in-trade to Net realizable value during the year amounted to Rs. 24.68 million (2017: Rs. 0.13 million).

13. TRADE DEBTS – unsecured

	Note	2018 ----(Rupees in '000)----	2017
Considered good	13.1 & 13.2	431,931	430,360
Considered doubtful		595	634
Provision for doubtful debts		(595)	(634)
		-	-
		<u>431,931</u>	<u>430,360</u>

13.1 This includes an amount of Rs. 2.18 million (2017: Rs. nil) receivable from Agriauto Stamping Company (Private) Limited, a wholly owned subsidiary against sales made by the Company.

13.2 The amount due from the wholly owned subsidiary is neither passed due nor impaired. The maximum aggregate amount receivable from the wholly owned subsidiary at the end of any month during the year was Rs 3.67 million (2017: Rs 3.77 million).

13.3 Reconciliation of provision for impairment is as follows:

	Note	2018 ----(Rupees in '000)----	2017
Balance at the beginning of the year		634	318
Reversal for the year	23	(39)	-
Provision /write-offs during the year		-	316
Balance at the end of the year		<u>595</u>	<u>634</u>

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

14. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2018 ----(Rupees in '000)----	2017
Advances – unsecured, considered good			
Suppliers	23	67	501
Contractors		623	6,462
Employees		655	701
		<u>1,345</u>	<u>7,664</u>
Deposits			
		215	215
Prepayments			
Insurance		3,391	2,385
Rent		2,148	895
		<u>5,539</u>	<u>3,280</u>
Other receivables – unsecured, considered good			
		-	12
		<u>7,099</u>	<u>11,171</u>

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

15. SHORT-TERM INVESTMENTS

	Note	2018 ----(Rupees in '000)----	2017
Held- to- maturity			
Term deposit receipts	15.1	442,000	242,000
Treasury bills	15.2	98,692	395,720
Accrued profit thereon		2,868	4,058
		<u>543,560</u>	<u>641,778</u>

15.1 Represents one to three months term deposit receipts with commercial banks under conventional banking relationship carrying profit rate ranging from 5.50% to 6.00% (2017: 4.25% to 6.25%) per annum and will mature by August 21, 2018.

15.2 Represents one to three months treasury bills with a commercial bank under conventional banking relationship carrying profit rate 6.20% per annum and will mature by 19 July 2018.

16. CASH AND BANK BALANCES

	Note	2018 ----(Rupees in '000)----	2017
In hand			
		197	107
With banks in			
- current accounts		78,567	120,857
- deposit accounts	16.1 & 16.2	151,500	111,151
		<u>230,067</u>	<u>232,008</u>
		<u>230,264</u>	<u>232,115</u>

16.1 These carry profit rates ranging from 4.00% to 4.50% (2017: 3.80% to 5%) per annum.

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
Number of shares in ('000')		Ordinary shares of Rs. 5/- each	---- (Rupees in '000) ----	
22,800	22,800	Fully paid in cash	114,000	114,000
6,000	6,000	Issued as fully paid bonus shares	30,000	30,000
28,800	28,800		144,000	144,000

17.1 Thal Limited – an associated company held 2,115,600 (2017: 2,115,600) Ordinary shares of Rs. 5/- each in the Company at year end.

18. DEFERRED TAXATION

	Note	2018	2017
		---- (Rupees in '000) ----	
Taxable temporary differences arising due to:			
- accelerated tax depreciation		79,864	83,299
Deductible temporary differences arising due to:			
- provisions		(63,072)	(54,997)
		16,792	28,302

19. TRADE AND OTHER PAYABLES

Creditors		81,622	86,235
Accrued liabilities		198,204	183,325
Royalty payable		13,181	15,213
Advance from customers		15,700	739
Payable to provident fund	19.1	1,870	1,810
Tax deducted at source		7,496	5,547
Workers' Profit Participation Fund	19.2	584	43,453
Workers' Welfare Fund		16,860	15,251
Warranty obligations	19.3	77,464	58,730
Guarantee bond payable	19.4	18,747	18,747
Others		4,499	2,502
		436,227	431,552

19.1 General Disclosures

		(Unaudited)	(Audited)
Size of the fund		203,601	198,731
Cost of investments		171,803	172,283
Fair value of investments	19.1.1	188,596	186,229
Percentage of investments		92.6%	93.7%

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

19.1.1 The breakup of fair value of investments is:

	2018		2017	
	----- (Unaudited) ---- (Rs. in 000')	(%)	---- (Audited) ---- (Rs. in 000')	(%)
Pakistan Investment Bond	19,552	9.6	19,879	10.0
Term Finance Certificates	95,183	46.7	21,079	10.6
Mutual fund units	61,518	30.2	63,036	31.7
Shares in listed companies	5,246	2.6	6,493	3.3
Bank balance	7,097	3.5	75,742	38.1
Total	188,596	92.6	186,229	93.7

19.1.2 Investments of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

19.2 Workers' Profit Participation Fund

	Note	2018 ----(Rupees in '000)----	2017
Balance at the beginning of the year		43,453	5,343
Allocation for the year	25	41,584	43,453
		85,037	48,796
Less: Payment made during the year		(84,453)	(5,343)
Balance at end of the year		584	43,453

19.3 Warranty obligations

	Note	2018	2017
Balance at the beginning of the year		58,730	44,562
Provision for the year	23	24,452	37,677
		83,182	82,239
Less: Claims paid during the year		(5,718)	(22,509)
Balance at end of the year		77,464	58,730

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

20. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 634.494 million (2017: Rs. 482.266 million).
- (ii) Commitments in respect of capital expenditure amounting to Rs. 78.342 million (2017: Rs. 0.978 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounting to Rs. 0.385 million (2017: Rs. 0.385 million).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

21. TURNOVER – net

	2018 ----(Rupees in '000)----	2017
Sales	7,164,751	6,624,784
Less: Trade discount	580	248
Sales tax	1,051,191	966,995
	1,051,771	967,243
	6,112,980	5,657,541

21.1 Revenue earned from the normal operations of the company is Shariah Compliant.

22. COST OF SALES

	Note	2018 ---- (Rupees in '000) ----	2017
Raw material consumed			
Opening stock		540,069	562,005
Purchases		4,179,397	3,683,881
		4,719,466	4,245,886
Closing stock	12	(669,766)	(540,069)
		4,049,700	3,705,817
Manufacturing expenses			
Salaries, wages and benefits		399,431	352,371
Stores, spares and loose tools consumed		177,670	167,486
Fuel and power		76,290	70,233
Royalty and technical fees		34,965	63,471
Depreciation	7.2	70,482	75,477
Transportation and traveling		74,577	65,623
Repairs and maintenance		60,724	58,830
Packing material consumed		32,003	28,841
Rent, rates and taxes		6,382	7,206
Research and development costs		7,130	5,353
Insurance		2,829	2,653
Communications and professional fee		2,558	3,540
Printing and stationery		1,966	1,515
Others		5,374	2,521
		952,381	905,120
Work-in-process			
Opening stock		47,379	51,475
Closing stock	12	(48,913)	(47,379)
		(1,534)	4,096
Cost of goods manufactured		5,000,547	4,615,033
Finished goods			
Opening stock		29,688	26,312
Closing stock	12	(33,173)	(29,688)
		(3,485)	(3,376)
		4,997,062	4,611,657

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

Company Name	Address	Relationship with Company	2018	2017
			---- (Rupees in '000) ----	
- KYB Corporation	World Trade Center Building 4-1, Hamamatsu-Cho 2 Chome, Minato-Ku, Tokyo 105 Japan	Technical Partner	23,390	22,836
- Aisin Seiki Co., Ltd	2-1, Asahi-Machi, Kariya, Aichi, 448-4650, Japan	Technical Partner	831	777
- Ride Control LLC	750 Old Hickory Blvd. Suite 1-180 Brentwood, TN 37027, USA	Technical Partner	5,585	4,621

23. DISTRIBUTION COSTS

	Note	2018	2017
		---- (Rupees in '000) ----	
Salaries, wages and benefits		16,600	15,426
Advertisement and sales promotion		38,736	33,368
Carriage and forwarding		32,410	26,994
Traveling and conveyance		2,803	3,216
Depreciation	7.2	1,528	963
Provision for warranty claims	19.3	24,452	37,677
(Reversal) / provision for doubtful trade debts	13.3	(39)	316
Rent, rates and taxes		206	175
Communications		210	224
Insurance		1,613	1,302
Repairs and maintenance		112	116
Others		152	237
		118,783	120,014

24. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		70,103	69,341
Legal and professional charges		67,993	60,757
Traveling and conveyance		16,789	16,185
Repairs and maintenance		17,153	14,067
Depreciation	7.2	8,019	7,623
Security services		7,190	8,090
Communications and professional fee		5,369	3,169
Advertisement		585	1,255
Printing and stationery		1,749	2,341
Rent, rates and taxes		6,402	2,755
Utilities		1,451	1,559
Auditors' remuneration	24.1	1,519	1,270
Insurance		846	706
Others		1,908	1,267
		207,076	190,385

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

24.1 Auditors' remuneration

	Note	2018 ----(Rupees in '000)----	2017
Audit fee for standalone financial statements		840	800
Audit fee for consolidated financial statements		155	145
Fee for review of half yearly financial statements		75	70
Other certifications		260	124
Out of pocket expenses		189	131
		1,519	1,270

25. OTHER EXPENSES

Workers' Profit Participation Fund	19.2	41,584	43,453
Workers' Welfare Fund		16,860	15,251
Donations		12,223	12,018
		70,667	70,722

25.1 Donation to following parties is equal to or exceeds Rs. 0.5 million.

		2018 ----(Rupees in '000)----	2017
- Habib Educational Trust		5,500	1,000
- Mohammedali Habib Welfare Trust		4,200	3,500
- Sindh Institute of Urology & Transplantation		500	500
- Indus Hospital		500	500
- Al-Umeed Rehabilitation Association		750	-
- Habib University Foundation		-	5,050
- Govt. Girls High School Hub		-	943
		11,450	11,493

25.2 None of the directors or their spouses had any interest in the donees.

26. OTHER INCOME

	Note	2018 ----(Rupees in '000)----	2017
Income from financial assets			
Profit on:			
- short-term investments		38,217	14,588
- deposit accounts		8,925	8,649
	26.1	47,142	23,237
Liabilities no longer payable - written back		-	4
Dividend income		-	114,401
Income from non-financial assets			
Gain on disposal of property, plant and equipment	7.4	2,866	3,705
Scrap sales		4,157	4,614
Miscellaneous income		15	-
		7,038	8,319
		54,180	145,961

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

26.1 Represents profit earned under conventional banking relationship.

27. FINANCE COST

	2018	2017
	----(Rupees in '000)----	
Bank charges	334	312
Mark-up on short-term running finance	-	48
	334	360

28. TAXATION

Current	238,556	214,412
Prior	1,001	77
Super tax	24,784	22,340
Deferred	(11,510)	(13,102)
	252,831	223,727

28.1 Relationship between tax expense and accounting profit

Profit before taxation	773,237	810,364
Tax at the rate of 30% (2017: 31%)	231,971	251,213

Tax effects of:

Expenses that are admissible in determining taxable profit	15,873	(20,361)
Effect of previous year's tax charge	1,001	77
Tax rebates	(9,288)	(16,440)
Deferred	(11,510)	(13,102)
Super tax	24,784	22,340
	252,831	223,727

28.2 Adequate provision for tax has been provided in these consolidated financial statements for the current year in accordance with requirements laid under Income Tax Ordinance, 2001 (ITO 2001). The provision made by the Company for tax years 2017, 2016 and 2015 amount to Rs. 236.75 million, Rs. 241.32 million and Rs. 255.39 million, respectively. The provision for current year tax represents on taxable income at the rate of 30% (2017: 31%). The Company filed returns of income on due dates as prescribed in accordance with the requirements laid under Income Tax Ordinance, 2001. Accordingly, tax expense as per the assessment for tax years 2017, 2016 and 2015 amount to Rs. 215.55 million, Rs. 218.95 million and Rs. 256.38 million, respectively.

During 2017 the Company opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group consists of:

- Agriauto Industries Limited (the Holding Company); and
- Agriauto Stamping Company (Private) Limited - 100% owned Subsidiary

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

29. EARNINGS PER SHARE – basic and diluted

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

	2018	2017
	---- (Rupees in '000) ----	
Profit after taxation (Rs. in 000')	520,407	586,637
Weighted average number of ordinary shares outstanding during the year (in 000')	28,800	28,800
Basic earnings per share (Rs.)	18.07	20.37

30. CASH GENERATED FROM OPERATIONS

	Note	2018	2017
		---- (Rupees in '000) ----	
Profit before taxation		773,238	810,364
Adjustments for			
Depreciation and Amortization		81,618	84,063
Finance costs		334	360
Provision for doubtful debts		-	316
Reversal for provision for doubtful debts		(39)	-
Liabilities no longer payable - written back		-	(4)
Profit on short-term investments		(38,217)	(14,587)
Profit on deposit accounts		(8,925)	(8,650)
Dividend income		-	(114,401)
Gain on disposal of operating fixed assets		(2,866)	(3,705)
		31,905	(56,608)
		805,143	753,756
Decrease/(increase) in current assets			
Stores, spares and loose tools		(21,251)	(10,397)
Stock-in-trade		(218,420)	44,235
Trade debts		(1,532)	(27,415)
Advances, deposits, prepayments and other receivables		4,072	37,865
Sales tax receivable		(3,827)	17,116
		(240,958)	61,404
Increase in current liabilities			
Trade and other payables		4,623	78,272
		568,808	893,432
31. CASH AND CASH EQUIVALENTS			
Short-term investments – term deposit receipts		540,692	637,720
Cash and bank balances	16	230,264	232,115
		770,956	869,835
32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

32.1 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 rates 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 treasury bills. 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. 4.845 million (2017: Rs. 5.167 million) and a 1% decrease would result in the decrease in the Company's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2018, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

32.2 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.

	2018	2017
	---- (Rupees in '000) ----	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	345,793	340,491
Past due but not impaired – 30 to 90 days	86,138	89,869
	431,931	430,360
Bank balances		
Ratings		
A-1+	49,276	80,850
A1+	180,791	151,158
	230,067	232,008
Short-term investments		
Ratings		
A1+	540,692	637,720

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

32.3 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.

	2018			
	On demand	Less than 3 Months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	223,967	195,400	16,860	436,227

	2017			
	On demand	Less than 3 Months	3 to 12 Months	Total
	----- (Rupees in '000) -----			
Trade and other payables	193,072	244,491	15,251	452,814

33. 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.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

35. REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

35.1 Aggregate amounts charged in these unconsolidated financial statements are as follows:

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rs. in `000) -----			
Managerial remuneration	13,895	25,882	13,772	25,087
Bonus	2,867	2,563	4,849	4,937
Retirement benefits	725	1,348	718	1,311
Utilities	179	76	217	83
Medical expenses	41	166	102	558
	17,707	30,035	19,658	31,976
Number of persons	1	6	1	6

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

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

35.3 Two non-executive directors (2017: Two) have been paid fees of Rs. 1.275 million (2017: 0.40 million) for attending board and other meeting.

35.4 The Chief Executive and the directors represent key management personnel of the company that is the personnel having authority and responsibility for planning, directing and controlling the activities of the company.

36. TRANSACTIONS WITH RELATED PARTIES

36.1 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 unconsolidated financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	Percentage of holding	2018	2017
-- (Rupees in '000) ---				
Subsidiary (wholly owned)				
Agriauto Stamping Company (Private) Limited.	Sales Dividend received	Nil	30,455 -	31,119 114,401
Associated Companies (Common directorship)				
Auvitronics Limited	Purchase	Nil	1,026	1,948
TPL Direct Insurance Limited	Insurance premium	Nil	4,943	-
Thal Limited	-	7.34%	-	-
Shabbir Tiles & Ceramics Limited	Purchases	Nil	3,725	-
Retirement benefit funds				
Employees' Provident Fund	Contribution	Nil	7,867	7,859

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

36.2 Details to compensation to the key management personnel have been disclosed in the note 35 to the unconsolidated financial statements.

37. 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.

38. UNUTILIZED CREDIT FACILITIES

As of the statement of financial position date, the Company has unutilized facilities for short-term running finance available from various banks amounted to Rs. 160 million (2017: 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% (2017: 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.

39. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

39.1 The Board of Directors in its meeting held on August 17, 2018 (i) approved the transfer of Rs. 190 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 8.50 per share for the year ended June 30, 2018 amounting to Rs. 244.8 million for approval of the members at the Annual General Meeting to be held on October 22, 2018.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2018

39.2 Under section 5A of the Income Tax Ordinance, 2001 (the Ordinance), the Company is obligated to pay tax at a prescribed rate on its accounting profit before tax, if it derives profit for a tax year but does not distribute prescribed level of such profits within six months of the end of the tax year, through cash dividend. During the year, the Company has paid interim dividend of Rs. 115.2 million and final dividend proposed by the Board of Directors as disclosed in note 39.1 to the financial statements amounts to Rs. 244.8 million.

40. NUMBER OF EMPLOYEES

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2018		2017	
	(Number)			
	Total	Factory	Total	Factory
Total number of employees as at June 30	712	645	715	647
Average number of employees during the year	714	646	715	647

41. GENERAL

Figures have been rounded off to the nearest thousands.

42. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 17, 2018 by the Board of Directors of the Company.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive



Saad Usman
Chief Financial Officer