Consolidated Balance Sheet
AS AT JUNE 30, 2014

	Note	2014	2013
		(Rs. in 000')	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,306,026	1,027,749
Long term deposits and other receivable	8	12,805	12,285
		1,318,831	1,040,034
CURRENT ASSETS			
Stores, spares and loose tools	9	56,274	75,107
Stock-in-trade	10	483,939	625,925
Trade debts	11	245,968	472,811
Advances, deposits, prepayments and other receivables	12	67,478	23,755
Accrued profit		1,754	1,548
Sales tax refundable		61,255	8,571
Short term investments	13	510,410	50,341
Taxation – net		50,353	9,045
Cash and bank balances	14	264,132	650,457
		1,741,563	1,917,560
TOTAL ASSETS		3,060,394	2,957,594
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (2013: 40,000,000) Ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	15	144,000	144,000
Reserves		2,581,857	2,469,897
		2,725,857	2,613,897
NON CURRENT LIABILITIES			
Deferred taxation	16	61,055	54,440
CURRENT LIABILITIES			
Trade and other payables	17	273,482	289,257
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		3,060,394	2,957,594

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Consolidated Profit And Loss Account

FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rs. in 000')	
Turnover - net	19	3,158,518	3,503,624
Cost of sales	20	(2,647,581)	(2,929,021)
Gross profit		510,937	574,603
Distribution costs	21	(56,556)	(54,754)
Administrative expenses	22	(162,927)	(166,696)
Finance costs	23	(157)	(185)
		(219,640)	(221,635)
Operating profit		291,297	352,968
Other charges	24	(37,865)	(32,993)
Other income	25	112,296	88,202
		74,431	55,209
Profit before taxation		365,728	408,177
Taxation	26	(95,327)	(129,714)
Profit after taxation		270,401	278,463
		Rupees	Rupees
Earnings per share – basic and diluted	27	9.39	9.67

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Consolidated Statement Of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rs. in 000')	
Net profit for the year		270,401	278,463
Other comprehensive income			
Unrealized gain on change in fair value of available-for-sale investments arisen during the year – net of tax		24,476	31,043
Reclassification adjustment for gains included in profit and loss account upon disposal of investments		(24,517)	(32,227)
		(41)	(1,184)
Total comprehensive income for the year		270,360	277,279

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Consolidated Cash Flow Statement
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rs. in 000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	28	653,614	272,460
Finance costs paid		(157)	(185)
Income tax paid		(130,020)	(136,938)
Long term deposits		(520)	(8,331)
Net cash generated from operating activities		522,917	127,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(353,960)	(611,395)
Proceeds from disposal of property, plant and equipment		9,567	9,568
Proceeds from disposal of short term investment		474,519	657,530
Short term investments		(450,000)	(625,000)
Profit received on term deposit receipts		11,604	33,998
Profit received on deposit accounts		15,489	19,103
Net cash used in investing activities		(292,781)	(516,196)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		-	(211)
Dividends paid		(156,461)	(213,572)
Net cash used in financing activities		(156,461)	(213,783)
Net increase / (decrease) in cash and cash equivalents		73,675	(602,973)
Cash and cash equivalents at the beginning of the year		700,457	1,303,430
Cash and cash equivalents at the end of the year	29	774,132	700,457

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Consolidated Statement Of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Reserves						Total equity
		Capital reserve	Revenue reserves		Gain / (loss) on changes in fair value of available-for-sale investments	Total		
		Share premium	General	Unappropriated profit				
	-----(Rs. in 000')-----							
Balance as at June 30, 2012	144,000	12,598	1,815,000	579,795	1,225	2,408,618		2,552,618
Final dividend for the year ended June 30, 2012 @ Rs. 7.5 /- per share	-	-	-	(216,000)	-	(216,000)		(216,000)
Transfer to general reserve	-	-	345,000	(345,000)	-	-		-
Profit after taxation for the year	-	-	-	278,463	-	278,463		278,463
Other comprehensive loss	-	-	-	-	(1,184)	(1,184)		(1,184)
Total comprehensive income for the year	-	-	-	278,463	(1,184)	277,279		277,279
Balance as at June 30, 2013	**144,000**	**12,598**	**2,160,000**	**297,258**	**41**	**2,469,897**		**2,613,897**
Final dividend for the year ended June 30, 2013 @ Rs. 5.5 /- per share	**-**	**-**	**-**	**(158,400)**	**-**	**(158,400)**		**(158,400)**
Transfer to general reserve	**-**	**-**	**175,000**	**(175,000)**	**-**	**-**		**-**
Profit after taxation for the year	**-**	**-**	**-**	**270,401**	**-**	**270,401**		**270,401**
Other comprehensive loss	**-**	**-**	**-**	**-**	**(41)**	**(41)**		**(41)**
Total comprehensive income for the year	**-**	**-**	**-**	**270,401**	**(41)**	**270,360**		**270,360**
Balance as at June 30, 2014	**144,000**	**12,598**	**2,335,000**	**234,259**	**-**	**2,581,857**		**2,725,857**

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

Yutaka Arae
Chairman

Fahim Kapadia
Chief Executive

Consolidated Notes to the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2014

1. THE GROUP AND ITS OPERATIONS

1.1 Agriauto Industries Limited (the Holding 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 the Karachi and Lahore stock exchanges of Pakistan since June 1984. The Holding Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Holding Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

The Group comprises of the Holding Company and Agriauto Stamping Company (Private) Limited (the Subsidiary Company). The Subsidiary Company was incorporated in Pakistan on January 20, 2012 as a private limited company, under the Companies Ordinance, 1984. The Subsidiary Company will be engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on 02 July, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

2. STATEMENT OF COMPLIANCE

2.1 These consolidated 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 as 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.

2.2 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 10 – Consolidated Financial Statements01 January 2015	
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 19 - Employee Contributions	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014

The Group is currently evaluating the impact of the above standards and interpretation on the Group's financial statements in the period of initial application.

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

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 2017

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except for available-for-sale investments which are valued as stated in note 5.6 to the consolidated financial statements.

3.2 These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company as at June 30, 2014.

The Subsidiary Company's assets, liabilities, income and expenses have been consolidated on a line by line basis from the date of its incorporation. The financial statements of the Subsidiary Company are prepared, using accounting policies consistent with those of the Holding Company. All intra-group balances, transaction, gains and losses resulting from intra-group transactions and dividends are eliminated in full.

5. 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:

5.1 New / revised standards, interpretations and amendments

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

IAS 19 – Employee Benefits –(Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)
-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment
IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments
IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements.

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 profit and loss account applying the reducing balance method at the rates specified in note 7 to the consolidated 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 income currently.

Leasehold land is amortised in equal installments over the lease period.

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.

Finance leases

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease less financial charges allocated to future periods are recorded as liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation is charged to income on the same basis as for the Group's owned assets.

5.3 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.

Stores, spares and loose tools are regularly reviewed by the management and any obsolete items are brought down to their NRV.

5.4 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.

5.5 Trade debts and other receivables

Trade debts originated by the Group 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.

5.6 Investments

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.

5.7 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.

5.8 Financial instruments

All financial assets and liabilities are recognised at the time when the Group 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.

5.9 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 Group 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.

5.10 Employees' benefits

Provident fund

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

Compensated absences

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

5.11 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, or 1 percent of turnover, whichever is higher. Tax on export sales is calculated under final tax regime under Section 154 of the Income Tax Ordinance, 2001.

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.

5.12 Provisions

Provision is recognised in the balance sheet when the Group 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.

5.13 Warranty obligations

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

5.14 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 income currently.

5.15 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.

5.16 Borrowing costs

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

5.17 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”.

5.18 Dividends and appropriation to reserve

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

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated 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 Group’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 estimates and judgments which are significant to the consolidated financial statements:

	Notes
- determining the residual values and useful lives of property, plant and equipment	5.2 & 7
- valuation of inventories	5.3, 5.4, 9 & 10
- provision against trade debts and other receivables	5.5, 8 & 11
- provision for tax and deferred tax	5.11, 16 & 26
- provision for employee’s benefits	5.10 & 17.1
- warranty obligations	5.13 & 17.3

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		(Rs. in 000’)	
Operating assets – tangible	7.1	**598,796**	492,166
Capital work-in-progress	7.4	**707,230**	535,583
		1,306,026	1,027,749

7.1 Operating assets

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2013	Additions/ (disposals)	As at June 30, 2014	Depreciation rate	As at July 01, 2013	Charge for the Year	Disposals for the Year	As at June 30, 2014	As at June 30, 2014
	(Rs. In 000')			%	(Rs. In 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	525	525	-	1,050	28,368
Building on freehold land	107,051	20,359	127,410	10	54,467	5,982	-	60,449	66,961
Plant and machinery	624,228	136,094 (11,654)	748,668	10 – 20	269,352	47,388	(10,816)	305,924	442,744
Furniture and fittings	8,042	400	8,442	15	3,682	687	-	4,369	4,073
Vehicles	58,301	9,554 (8,856)	58,999	20	24,734	7,838	(4,105)	28,467	30,532
Office equipment	2,897	328	3,225	20	1,524	278	-	1,802	1,423
Computer equipment	26,762	863 (72)	27,553	33	16,084	3,672	(58)	19,698	7,855
Dies and tools	20,667	14,714	35,381	40	16,484	3,709	-	20,193	15,188
2014	**879,018**	**182,312 (20,582)**	**1,040,748**		**386,852**	**70,079**	**(14,979)**	**441,952**	**598,796**

	COST				ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at July 01, 2012	Additions/ (disposals)/ transfers*	As at June 30, 2013	Depreciation rate	As at July 01, 2012	Charge transfers* for the Year	Disposals adjustment* for the Year	As at June 30, 2013	As at June 30, 2013
	(Rs. In 000')			%	(Rs. In 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	-	525	-	525	28,893
Building on freehold land	109,501	- (2,450)	107,051	10	50,858	5,862	(2,253)	54,467	52,584
Plant and machinery	589,153	67,983 (32,908)	624,228	10 – 20	257,796	39,709	(28,153)	269,352	354,876
Furniture and fittings	6,785	1,327 (70)	8,042	15	3,137	596	(51)	3,682	4,360
Vehicles	56,181	7,152 (7,338) 2,306*	58,301	20	17,886	8,367 1,053*	(2,572)	24,734	33,567
Office equipment	2,243	654	2,897	20	1,234	290	-	1,524	1,373
Computer equipment	25,736	1,183 (157)	26,762	33	11,237	4,914	(67)	16,084	10,678
Dies and tools	20,667	-	20,667	40	13,695	2,789	-	16,484	4,183
	841,336	78,299 (42,923) 2,306*	879,018		355,843	63,052 1.053*	(33,096)	386,852	492,166
Leased									
Vehicles	2,306	(2,306)*	-	20	1,010	43 (1,053)*	-	-	-
2013	**843,642**	**78,299 (42,923) - ***	**879,018**		**356,853**	**63,095 - ***	**(33,096)**	**386,852**	**492,166**

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

	Note	2014	2013
		(Rs. in 000')	
Cost of sales	21	**61,150**	52,466
Distribution costs	22	**872**	777
Administrative expenses	23	**8,057**	9,852
		70,079	63,095

7.3 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
			(Rs. in 000')				
Plant and machinery / Dies and Tools							
Plant, machinery & equipment	**11,654**	**10,816**	**838**	**1,911**	**1,073**	Auction	New ABC Neelam Ghar
IT Equipment							
Laptop	**72**	**58**	**14**	**40**	**26**	Insurance Claim	Habib Insurance Company Limited
Vehicles							
Daihatsu Coure	665	358	307	665	358	Insurance Claim	Habib Insurance Company Limited
Toyota Corolla	1,399	592	807	1,280	473	Negotiation	Mr. Muhammad Amin
Honda CD-70	63	34	29	45	16	Negotiation	Mr. Aamir Mehboob - Employee
Honda CD-70	63	32	31	35	4	Negotiation	Mr. Alam Alvi - Employee
Daihatsu Coure	759	336	423	690	267	Negotiation	Mr. Inayat Ali
Suzuki Cultus	855	420	435	775	340	Negotiation	Mr. Muhammad Shafique Ahmed
Suzuli Alto	678	271	407	690	283	Negotiation	Mr. Ali Gul Sangi
Toyota Corolla	1,554	602	952	1,300	348	Company policy	Mr. M. Noman Khan Ex - Employee
Suzuli Alto	712	259	453	690	237	Negotiation	Mr. Rasheeduddin
Suzuki Cultus	1,010	135	875	1,010	135	Insurance Claim	Habib Insurance Company Limited
Honda CD-70	51	37	14	49	35	Negotiation	Mr. Abdul Wahab - Employee
Honda CD-70	51	37	14	49	35	Negotiation	Mr. Aamir Mehboob - Employee
Fork Lifter	996	992	4	338	334	Negotiation	Mr. Adam
	8,856	**4,105**	**4,751**	**7,616**	**2,865**		
2014	**20,582**	**14,979**	**5,603**	**9,567**	**3,964**		
2013	42,923	33,096	9,827	9,568	(259)		

7.4 Capital work-in-progress

	Plant and machinery	Civil works	Dies and tools	Advance to suppliers / contractors	Total
	(Rs. in 000')				
Balance as at July 01, 2013	296,230	222,569	5,712	11,072	535,583
Capital expenditure incurred / advances made during the year	148,501	120,111	-	-	268,612
Transfer to fixed assets / advance adjusted against civil works during the year	(64,119)	(17,865)	(5,712)	(9,269)	(96,965)
Balance as at June 30, 2014	**380,612**	**324,815**	**-**	**1,803**	**707,230**

		Note	2014	2013
			(Rs. in 000')	
8.	**LONG TERM DEPOSITS AND OTHER RECEIVABLE**			
	Security deposits – considered good		12,805	12,285
	Other receivable - considered doubtful		-	49,252
	Less: Provision for impairment	8.1	-	(49,252)
			-	-
			12,805	12,285

8.1 During the year ended 30 June 2010, Company sold its shareholding in Makro-Habib Pakistan Limited (MHPL) to Thal Limited (TL), a related party under a Share Purchase Agreement (SPA) dated May 14, 2010, at an aggregate consideration of Rs.157.658 million. In terms of the SPA, the Company received an amount of Rs.108.406 million from TL towards the purchase consideration of the said shares. However, the balance consideration amounting to Rs. 49.252 million shall only be payable by TL subject to the following:

a) TL determines that the Group tax relief for the years 2008-2010, as claimed by TL, can be fully sustained or is unable to make such determination by June 2014; and

b) TL determines that MHPL will not incur an impairment loss in case of closure of its Sadder store or is unable to make such determination about the impairment by June 2014.

Accordingly, the contingent balance payment for (a) and (b) above, amounts to Rs. 28.710 million and Rs. 20.542 million respectively. The management, upon fulfilment of the aforementioned conditions, has reversed the provision for impairment and recognized it as other income. The receivable balance of Rs. 49.252 million from Thal Limited has been reclassified to current assets in the financial statements for the year ended 30 June 2014 as the said receivable has been received subsequent to the year end.

		Note	2014	2013
			(Rs. in 000')	
9.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		20,665	38,710
	Spares		30,690	30,748
	Loose tools		4,919	5,649
			56,274	75,107
10.	**STOCK-IN-TRADE**			
	Raw material		326,267	475,256
	Packing material		4,419	4,160
	Work-in-process		46,291	47,436
	Finished goods		17,197	11,433
	Goods-in-transit		89,765	87,640
			483,939	625,925

10.1 The amount of written down to NRV in respect of stock-in-trade was Rs. 3.513 million (2013: Rs. 35.408 million).

		Note	2014	2013
			(Rs. in 000')	
11.	**TRADE DEBTS – unsecured**			
	Considered good		245,968	472,811
	Considered doubtful		1,526	931
	Provision for impairment	11.1	(1,526)	(931)
			-	-
			245,968	472,811
11.1	**Reconciliation of provision for impairment is as follows:**			
	Balance at the beginning of the year		931	1,585
	Charge / (Reversal) for the year	21	595	(444)
	Write-offs during the year		-	(210)
	Balance at the end of the year		1,526	931
12.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances – unsecured, considered good			
	Suppliers		68	5,416
	Contractors		100	6,082
	Employees		145	123
			313	11,621
	Deposits		215	200
	Prepayments			
	Insurance		5,306	7,536
	Rent		2,269	2,256
	Others		-	1,848
			7,575	11,640
	Other receivables – unsecured, considered good			
	Insurance claim receivable		-	294
	Workers' profit participation Fund	17.2	10,123	-
	Against sale of shares	8.1	49,252	-
			67,478	23,755
13.	**SHORT TERM INVESTMENTS**			
	Held- to- maturity			
	Term deposit receipts	13.1	510,000	50,000
	Accrued profit thereon		410	300
			510,410	50,300
	Available-for-sale - Money Market Fund		-	41
			510,410	50,341

13.1 Represents three months term deposit receipts with a commercial bank carrying profit rate ranging from 8.5% to 9.5% (2013: 8.75%) per annum and will mature by September 2014.

14. CASH AND BANK BALANCES

	Note	2014	2013
		(Rs. in 000')	
In hand		40	25
With banks in			
- current accounts		85,419	28,185
- deposit accounts	14.1	178,673	622,247
		264,092	650,432
		264,132	650,457

14.1 These carry profit rates ranging from 7% to 8% (2013: 6% to 7.5%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Ordinary shares of Rs. 5/- each

Number of shares in (000') 2014	Number of shares in (000') 2013		2014 (Rs. in 000')	2013 (Rs. 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

15.1 Related parties held 2,115,600 (2013: 2,115,600) Ordinary shares of Rs. 5/- each in the Holding Company at year end.

16. DEFERRED TAXATION

	2014	2013
	(Rs. in 000')	
Taxable temporary differences arising due to:		
- accelerated tax depreciation	89,658	81,103
Deductable temporary differences arising due to:		
- provisions	(28,603)	(26,663)
	61,055	54,440

17. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rs. in 000')	
Creditors		100,368	99,830
Royalty payable		11,149	12,560
Accrued liabilities		108,211	110,091
Advance from customers		1,073	1,513
Payable to provident fund	17.1	-	1,263
Workers' Profit Participation Fund	17.2	-	12,231
Workers' Welfare Fund		8,313	11,208
Warranty obligations	17.3	18,277	18,052
Unclaimed and unpaid dividends		12,471	10,531
Guarantee bond payable	17.4	1,110	1,110
Tax deducted at source		1,269	2,837
Retention money		10,706	5,678
Others		535	2,353
		273,482	289,257

17.1 General Disclosures

	Note	2014	2013
		------- (Unaudited) ------	
Size of the fund		146,275	132,749
Cost of investments		106,050	107,382
Fair value of investments	17.1.1	146,275	132,749
Percentage of investments		100%	100%

17.1.1 The breakup of fair value of investments is:

	2014		2013	
	(Unaudited)			
	(Rs. in 000')	(%)	(Rs. in 000')	(%)
Special Saving Certificates	110,712	75	36,314	27
Term Deposit Receipts	-	-	59,386	45
Term Finance Certificates	12,575	9	13,732	10
Mutual fund units	5,462	4	6,458	5
Shares in listed companies	2,901	2	1,972	1
Bank balance	3,775	3	7,375	6
Others	10,850	7	7,512	6
Total	146,275	100	132,749	100

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	2014	2013
		(Rs. in 000')	

17.2 Workers' Profit Participation Fund

	Note	2014	2013
Balance at the beginning of the year		12,231	(392)
Prior year's adjustment	24	3,784	-
Allocation for the year	24	21,877	19,601
		37,892	19,209
Less: (Refund) / payment made during the year		48,015	(6,978)
Balance at end of the year		(10,123)	12,231

	Note	2014	2013
		(Rs. in 000')	

17.3 Warranty obligations

	Note	2014	2013
Balance at the beginning of the year		18,052	23,885
Provision for the year	21	5,760	2,613
		23,812	26,498
Less: Claims paid during the year		5,535	8,446
Balance at end of the year		18,277	18,052

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

18. CONTINGENCIES AND COMMITMENTS

Commitments

(i) Commitments in respect of outstanding letters of credit for raw material amount to Rs. 341.645 million (2013: Rs. 169.459 million).

(ii) Commitments in respect of capital expenditure amount to Rs. 15.230 million (2013: Rs. 33.990 million).

(iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 million (2013: Rs. 0.385 million)

19. TURNOVER – net

	Note	2014	2013
		(Rs. in 000')	
Sales		3,704,493	4,068,990
Less: Trade discount		7,091	221
Sales tax		538,884	565,145
		545,975	565,366
		3,158,518	3,503,624

20. COST OF SALES

	Note	2014	2013
		(Rs. in 000')	
Raw material consumed			
Opening stock		475,256	544,286
Purchases		1,862,725	2,224,301
		2,306,342	2,768,587
Closing stock		(326,267)	(475,256)
		2,011,714	2,293,331
Manufacturing expenses			
Salaries, wages and benefits		227,639	207,912
Stores, spares and loose tools consumed		112,445	110,030
Packing material consumed		18,949	19,828
Fuel and power		73,445	71,695
Transportation and traveling		59,286	49,565
Depreciation	7.2	61,150	52,466
Repairs and maintenance		37,815	39,345
Royalty and technical fees		33,907	43,494
Research and development costs		95	128
Communications and professional fees		1,968	1,922
Printing and stationery		866	765
Insurance		2,552	3,899
Rent, rates and taxes		5,343	10,206
Others		5,026	5,320
		640,486	616,575
Work-in-process			
Opening stock		47,436	55,253
Closing stock		(46,291)	(47,436)
		1,145	7,817
Cost of goods manufactured		2,653,345	2,917,723
Finished goods			
Opening stock		11,433	22,731
Closing stock		(17,197)	(11,433)
		(5,764)	11,298
		2,647,581	2,929,021

21. DISTRIBUTION COSTS

	Note	2014	2013
Salaries and benefits		14,090	12,568
Advertisement and sales promotion		12,767	13,940
Carriage and forwarding		18,329	21,013
Traveling and conveyance		2,972	2,858
Depreciation	7.2	872	777
Provision for warranty claims	17.3	5,760	2,613
Provision / (reversal) for impairment of trade debts	11.1	595	(444)
Rent, rates and taxes		140	99
Communications and professional fee		272	209
Insurance		231	225
Repairs and maintenance		451	657
Others		77	239
		56,556	54,754

		Note	2014	2013
			(Rs. in 000')	
22.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits		**58,378**	57,779
	Legal and professional charges		**21,818**	26,852
	Repairs and maintenance		**13,501**	11,394
	Technical fees		**20,548**	27,333
	Depreciation	7.2	**8,057**	9,852
	Printing and stationery		**808**	1,068
	Computer supplies		**423**	299
	Rent, rates and taxes		**3,464**	3,236
	Traveling and conveyance		**11,885**	11,593
	Communications and professional fee		**3,209**	2,696
	Utilities		**6,231**	6,838
	Security services		**4,916**	4,218
	Insurance		**1,460**	1,490
	Auditors' remuneration	22.1	**1,198**	928
	Advertisement		**169**	198
	Others		**6,862**	922
			162,927	166,696
22.1	**Auditors' remuneration**			
	Audit fee for standalone financial statements		**725**	650
	Audit fee for consolidated financial statements		**125**	125
	Fee for review of half yearly financial statements		**60**	55
	Other certifications		**185**	28
	Out of pocket expenses		**103**	70
			1,198	928
23.	**FINANCE COSTS**			
	Mark-up on finance lease		**-**	7
	Bank charges		**157**	178
			157	185
24.	**OTHER CHARGES**			
	Workers' Profit Participation Fund	17.2	**25,661**	19,601
	Workers' Welfare Fund		**8,313**	8,962
	Donations	24.1	**3,891**	4,430
			37,865	32,993

24.1 None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.

	Note	2014	2013
		(Rs. in 000')	
25. OTHER INCOME			
Income from financial assets			
Profit on:			
- term deposit receipts		11,715	23,873
- deposit accounts		15,694	19,043
Gain on sale of available-for-sale investments		24,517	32,227
Reversal of provision for impairment		49,252	-
		101,178	75,143
Liabilities no longer payable - written back		2,616	622
Income from non-financial assets			
Gain / (loss) on disposal of property, plant and equipment	7.3	3,964	(259)
Scrap sales		1,445	5,326
Miscellaneous income		3,093	-
		8,502	5,067
Refund of Workers' Profit Participation Fund		-	7,370
		112,296	88,202

26. TAXATION

	2014	2013
Current	87,581	127,573
Prior	1,131	(793)
Deferred	6,615	2,934
	95,327	129,714

26.1 Relationship between tax expense and accounting profit

	2014	2013
Profit before taxation	365,728	408,177
Tax at the rate of 34% (2013: 35%)	124,348	142,862
Tax effects of:		
Expenses that are admissible in determining taxable profit	(33,396)	(14,363)
Prior year	1,131	(793)
Tax rebates	(16,235)	(11,761)
Effect of change in tax rate	837	459
Deferred	18,642	13,310
	95,327	129,714

26.2 As at the year end, there is a deferred tax asset of Rs. 28.478 million (2013: Rs. 15.614 million) in the Subsidiary Company which has not been recognized in these consolidated financial statements in view of the Company's intentions to opt for tax credit for a period of five years as provided under section 65 D of the Income Tax Ordinance, 2001.

27. EARNINGS PER SHARE – basic and diluted

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

	Note	2014	2013
		(Rs. in 000')	
Profit after taxation (Rs. in 000')		270,401	278,463
Weighted average number of ordinary shares outstanding during the year (in 000')		28,800	28,800
Basic earnings per share (Rs.)		9.39	9.67

28. CASH GENERATED FROM OPERATIONS

	Note	2014	2013
		(Rs. in 000')	
Profit before taxation		365,728	408,177
Adjustments for			
Depreciation		70,079	63,095
Finance costs		157	185
Provision / (reversal) for impairment of trade debts		595	(444)
Liabilities no longer payable - written back		(2,616)	(622)
Gain on disposal of available-for-sale investment		(24,517)	(32,227)
Profit on term deposit receipts		(11,715)	(23,873)
Profit on deposit accounts		(15,694)	(19,043)
(Gain) / loss on disposal of property, plant and equipment		(3,965)	259
		12,324	(12,670)
		378,052	395,507
(Increase) / decrease in current assets			
Stores, spares and loose tools		18,833	2,665
Stock-in-trade		141,986	56,002
Trade debts		225,966	(156,511)
Advances, deposits, prepayments and other receivables		(43,723)	(12,539)
Sales tax refundable		(31,943)	(30,828)
		311,119	(141,211)
(Decrease) / increase in current liabilities			
Trade and other payables		(14,816)	18,164
Sales tax payable		(20,741)	-
		(35,557)	18,164
		653,614	272,460

29. CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and bank balances	14	264,132	650,457
Short term investments – term deposit receipts	13	510,000	50,000
		774,132	700,457

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group'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 Group is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Group's profit after tax by Rs. 4.979 million (2013: Rs. 4.717 million) and a 1% decrease would result in the decrease in the Group'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, 2014, the Group 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 Group's performance to developments affecting a particular industry.

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

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

	Note	2014	2013
		(Rs. in 000')	
Trade debts			
The analysis of trade debts is as follows:			
Neither past due nor impaired		218,643	447,472
Past due but not impaired – 30 to 90 days		27,325	25,339
		245,968	472,811

	Note	2014	2013
		(Rs. in 000')	
Bank balances			
Ratings			
A-1+		59,259	13,741
A1+		204,119	635,971
P1		714	720
		264,092	650,432
Short term investments			
Ratings			
A1+			
A-1+		510,000	-
		-	41
		510,000	41

30.3 Liquidity risk

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

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

2014	On demand	Less than 3 months	3 to 12 Months	Total
	---------------------- (Rupees in '000)			-----------------------
Trade and other payables	97,220	167,949	8,313	273,482

2013	On demand	Less than 3 months	3 to 12 Months	Total
	---------------------- (Rupees in '000)			-----------------------
Trade and other payables	79,613	198,436	11,208	289,257

31. 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 fair value of the mutual fund units is determined by using the net asset value as disclosed by the Fund Manager at each balance sheet date. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The Group uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active market for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2014, the Group has available-for-sale investments measured at fair value using level 1 valuation technique.

32. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group'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 Group is currently financing majority of its operations through equity and working capital. The capital structure of the Group is equity based with no financing through long term borrowings.

33. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise 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 consolidated financial statements, are as follows:

	Note	2014	2013
		(Rs. in 000')	
Purchases of goods		311	1,749
Contribution to the Provident fund		5,159	4,866

The receivable/payable balances with related parties as at June 30, 2014 are disclosed in the respective notes to the consolidated financial statements.

34. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

34.1 Aggregate amounts charged in the consolidated financial statements are as follows:

	2014			2013		
	Chairman	Chief Executive	Executives	Chairman	Chief Executive	Executives
	---------------------- (Rupees in '000)					----------------------
Managerial remuneration	15,477	10,134	42,500	15,028	9,308	40,030
Retirement benefits	-	449	1,748	-	368	1,806
Utilities	391	149	866	634	122	869
Medical expenses	140	61	727	166	20	457
	16,008	10,793	45,841	15,828	9,818	43,162
Number of persons	1	1	20	1	1	18

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

34.3 No remuneration has been paid to Chief Executive of the Subsidiary Company during the year.

35. PRODUCTION CAPACITY

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

36. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Group has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2013: 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% (2013: 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 Group's stock-in-trade, stores, spares, loose tools and trade debts.

37. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 29, 2014 (i) approved the transfer of Rs. 170 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 5.00 per share for the year ended June 30, 2014 amounting to Rs. 144 million for approval of the members at the Annual General Meeting to be held on September 29, 2014.

Subsequent to the balance sheet date, the Company completed the testing and trial of its production facility and has started commercial production from July 02, 2014.

38. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 276 (2013: 265) and the average number of persons employed during the year were 264 (2013: 258).

39. INFORMATION ABOUT OPERATING SEGMENTS

The activities of the Group are organized into one operating segment i.e. manufacture and sale of automotive parts. The Group operates in the said reportable operating segment based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relates to the Group's only reportable segment.

The operating interests of the Group are confined to Pakistan in terms of production areas and customers. Accordingly, the figures reported in these financial statements relate to the Group's only reportable operating segment in Pakistan.

Of the Company's sale, three customers account for more than 10% each.

40. GENERAL

40.1 Figures have been rounded off to the nearest thousands.

40.2 There were no material reclassifications to report.

41. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 29, 2014 by the Board of Directors of the Holding Company.

Yutaka Arae
Chairman

Fahim Kapadia
Chairman