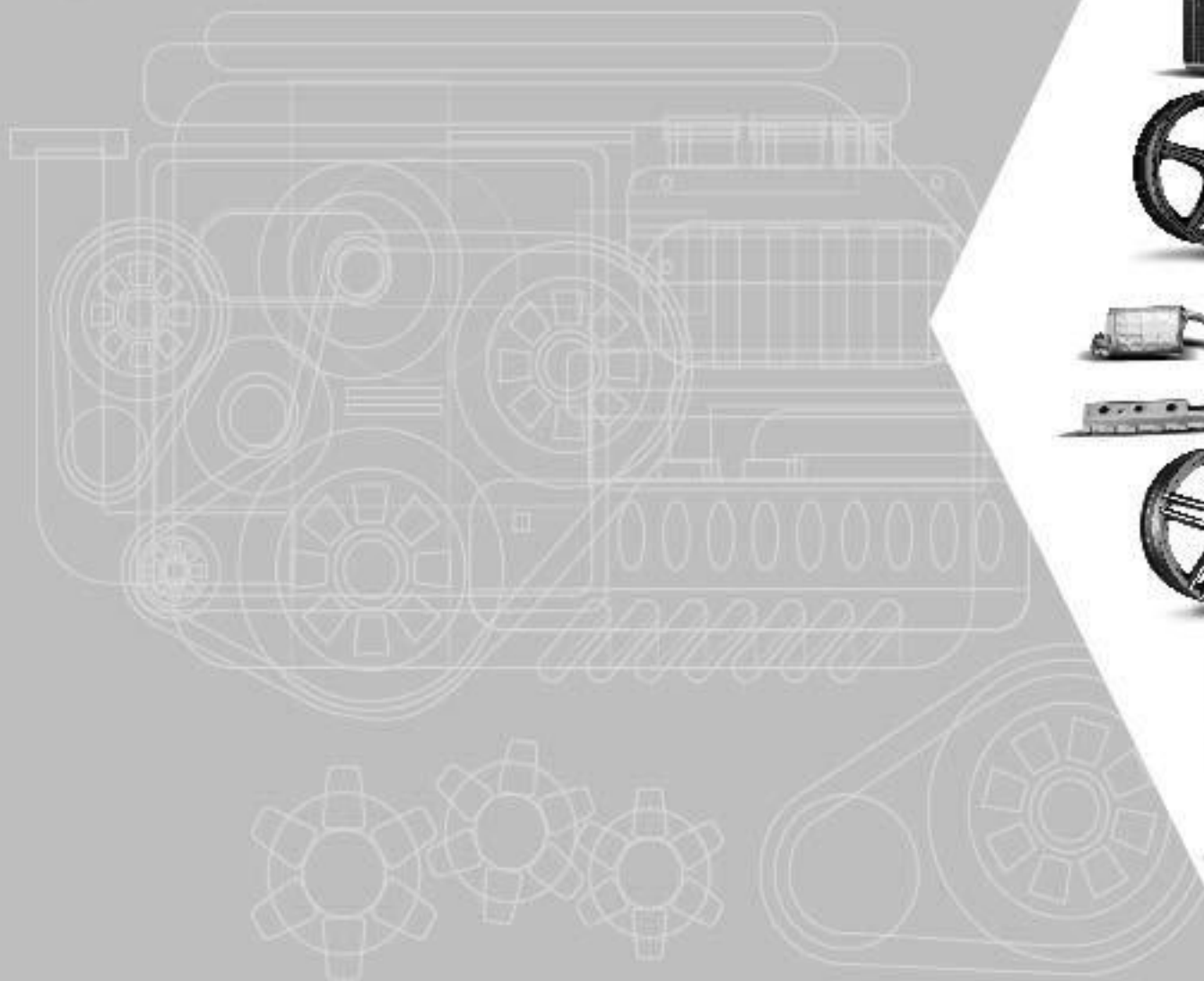


# REACHING NEW MILESTONES

ANNUAL REPORT 2018





# Contents

02	Vision and Mission Statement
04	Company Information
06	Key Performance Indicators
08	Code of Conduct
09	Role of Chairman and Chief Executive
10	Profiles of Directors
12	Chairman's Review (English)
13	Chairman's Review (Urdu)
14	Directors' Report to the Shareholders (English)
23	Directors' Report to the Shareholders (Urdu)
24	Review Report to the Members on CCG
26	Statement of Compliance with CCG

## CONSOLIDATED FINANCIAL STATEMENTS

29	Auditors' Report to the Members
38	Statement of Financial Position
39	Statement of Profit or Loss Account
40	Statement of Comprehensive Income
41	Statement of Changes in Equity
42	Cash Flow Statement
43	Notes to the Financial Statements

## UNCONSOLIDATED FINANCIAL STATEMENTS

97	Auditors' Report to the Members
106	Statement of Financial Position
107	Statement of Profit or Loss Account
108	Statement of Comprehensive Income
109	Statement of Changes in Equity
110	Cash Flow Statement
111	Notes to the Financial Statements
162	Notice of Annual General Meeting (English)
165	Notice of Annual General Meeting (Urdu)
166	Pattern of Shareholding
171	Form of Proxy (English)
173	Form of Proxy (Urdu)



## **Vision**

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



## **Mission**

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



# Company Information

**Board of Directors**

Syed Shahid Ali	– Chairman*
Mr. Saulat Said	– Vice Chairman*
Mr. Munir K. Bana	– Chief Executive
Mr. Najam I. Chaudhri	– Independent Director
Ms. Lubna S. Pervez	– Independent Director
Syed Sheharyar Ali	– Non-Executive Director
Mr. Amir Zia	– Non-Executive Director
Mr. M. Ziauddin	– Executive Director
Mr. Shamim A. Siddiqui	– Executive Director

\* Chairman and Vice Chairman are Non-Executive Directors

**Audit Committee**

Mr. Najam I. Chaudhri	– Chairman
Mr. Saulat Said	– Member
Syed Sheharyar Ali	– Member
Mr. Amir Zia	– Member

**Human Resources & Remuneration Committee**

Ms. Lubna S. Pervez	– Chairperson
Mr. Saulat Said	– Member
Mr. Munir K. Bana	– Member
Syed Sheharyar Ali	– Member
Mr. Amir Zia	– Member
Mr. Shamim A. Siddiqui	– Member

**Chief Financial Officer**

Mr. Shamim A. Siddiqui

**Company Secretary**

Mr. Babar Saleem

**Head of Internal Audit**

Mr. Khawaja M. Akber

**Auditors**

KPMG Taseer Hadi & Co., Chartered Accountants

**Legal Advisors**

Altaf K. Allana & Co., Advocates

**Corporate Advisors**

Cornelius, Lane & Mufti, Advocates & Solicitors

**Symbol**

Loads

**Exchange**

Pakistan Stock Exchange

**Bankers**

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

**Subsidiaries**

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

**Registered Office**

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

**Shares Registrar**

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

**Registration with Authorities**

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

**Website**

www.loads-group.pk



## Key Performance Indicators

Rs. In 000

Description	2018	2017	2016	2015	2014	2013
Sales	4,889,663	4,405,126	4,035,658	3,332,572	2,352,965	2,462,128
Gross Profit	520,588	547,582	567,795	494,489	308,406	328,758
Profit before Taxation	245,094	377,731	260,326	322,403	177,246	203,447
Profit after Taxation	161,557	306,427	180,714	211,053	134,908	102,014
Shareholders' Equity	3,651,342	3,402,578	1,618,362	1,439,281	1,229,370	1,098,929
Non - Current Assets	2,304,604	1,450,807	1,006,294	828,212	614,309	571,371
Total Assets	5,588,850	3,854,619	2,983,407	2,695,757	1,855,427	1,753,279
Total Liabilities	1,937,507	452,041	1,365,044	1,256,475	626,056	654,349
Current Assets	3,284,246	2,403,812	1,977,112	1,867,544	1,241,117	1,181,908
Current Liabilities	1,841,168	357,229	1,270,583	1,153,823	573,566	600,331
Cash Dividend	0%	10%	10%	0%	0%	0%
Stock Dividend	0%	10%	10%	1150%	0%	0%
Issued, Subscribed & Paid up Capital	151,250	137,500	75,000	75,000	6,000	6,000

Important Ratios	2018	2017	2016	2015	2014	2013
<b>Profitability</b>						
Gross Profit	11%	12%	14%	15%	13%	13%
Profit before Tax	5%	9%	6%	10%	8%	8%
Profit after Tax	3%	7%	4%	6%	6%	4%
<b>Return to Equity</b>						
Return on Equity before Tax	7%	11%	16%	22%	14%	19%
Return on Equity after Tax	4%	9%	11%	15%	11%	9%
Earning per Shares	1.02	2.31	2.19	2.81	22.70	17
<b>Liquidity/Leverage</b>						
Current Ratio	1.78	6.73	1.56	1.62	2.16	1.97
Break-up Value per Share	24.14	24.75	21.58	19.19	204.90	183.15
Total Liabilities to Equity	0.53	0.13	0.84	0.87	0.51	0.60



% Change	2018	2017	2016	2015	2014	2013
Sales	11%	9%	21%	42%	-4%	19%
Gross Profit	-5%	-4%	15%	60%	-6%	0%
Profit before Taxation	-35%	45%	-19%	82%	-13%	-4%
Profit after Taxation	-47%	70%	-14%	56%	32%	-39%
Shareholders' Equity	7%	110%	12%	17%	12%	10%
Non - Current Assets	59%	44%	22%	35%	8%	-2%
Total Assets	45%	29%	11%	45%	6%	19%
Total Liabilities	329%	-67%	9%	101%	-4%	37%
Current Assets	37%	22%	6%	50%	5%	32%
Current Liabilities	415%	-72%	10%	101%	-4%	28%
Cash Dividend	0%	10%	10%	10%	10%	10%
Stock Dividend	0%	0%	-99%	0%	0%	0%
P/E Ratio	30.57	16.33	9.85	6.83	9.03	10.77



# Code of Conduct

## Employees

- We treat all the employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform their jobs in a safe and legal manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on Loads Limited's properties.
- Employees should report suspicious people and activities to Human Resources Department.
- No one should ask or expect any employee to break the law, or go against Loads Limited's policies and values.

## Business Partners

- Avoid conflict of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment, if it appears to obligate the person who receives it.
- Use and supply only safe and reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt the competition.
- Do not have formal or informal discussions with our competitors on prices, markets, products, production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest, fair and ethical manner.
- Do not compromise our values to make profit.

## Business Resources

- Do not use inside information about Loads Limited for personal profit. Do not give such information to others.
- Do not use Loads Limited's resources for personal gain or benefit.
- Protect confidential and proprietary information.
- Do not use Loads Limited's resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries in Loads Group's books or records.

## Communities

- Follow all laws, regulations and Loads Limited's policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are transparent in our environmental responsibilities.
- When Loads Limited standards are higher than what is required by local law, we meet the higher standards.

## Role of Chairman

The Chairman of the Board, Syed Shahid Ali, is a non-executive director. The Chairman is responsible for leadership and effective performance of the Board and for maintenance of relationships between directors that are open, cordial, and conducive to productive corporation. Duties of the Chairman are:

- To lead and oversee the Board of Directors.
- To facilitate an open flow of information between management and the Board, thus to involve the Board in the process of effective decision making for the Company.
- To lead a critical evaluation of Company's management, practices and adherence to the Company's strategic plan and objectives.
- In accordance with Company law and as and when required, chair the meetings of the Board and meetings of the shareholders in accordance with their terms of reference.
- To establish, in consultation with the Company Secretary and the Chief Executive, an agenda for each meeting of the Board.
- To seek compliance of the management to implement the decisions of the Board.
- To work closely with the Chief Executive and provide support and guidance for the management on major issues.
- To promote the highest standards of corporate governance.
- To ensure that the Company has an effective and clear communication with its shareholders.
- To ensure that new directors receive appropriate induction into the Company.

## Role of Chief Executive

The Chief Executive has executive responsibility over the business directions set by the Board. The Chief Executive is accountable to the Board for the conduct and performance of the Company. Responsibilities of the Chief Executive are:

- To align the entire Company to the Vision, Mission and Strategy evolved by the Board, such that everyone will focus his efforts towards the success of the Company.
- To build a corporate culture and be a role model for the entire organisation.
- To set performance standards for the Company and promote those standards with confidence.
- To manage the day-to-day operations of the Company's business, strategic planning, budgeting, financial reporting and risk management.
- To build good relationship between and among the employees of the Company, the government, the supply chain associates, the dealers and other stakeholders of the Company.
- To provide strategic leadership to the organisation to ensure its future growth through unexpected as well as foreseen threats, opportunities and to keep the Company in focus with competition, markets, products and growth technology.
- To set standards required to maintain a competitive advantage in the industry and implement these standards into the output of the Company.
- To build a talented team (hire talent and fire non-performers) and to lead the team to working together in a common direction thus steering the Company to its strategy and vision through direction and effective communication.
- To set budgets, to fund projects which support the strategy and ramp down projects which lose money. To manage the Company's capital judiciously and carefully control the Company's expenditures.
- To provide leadership and develop policies and procedures of the Company and ensure compliance of these procedures and policies.
- To develop human resource of the Company, the Company's staffing needs of the future, training, compensation packages and to create a corporate culture of high standards and good value.
- To build effective PR for the Company



## Profile of Directors

### Syed Shahid Ali - Chairman

Syed Shahid Ali has a Master's degree in Economics from University of Punjab, a Graduate Diploma in Development Economics from Oxford University and a Graduate Diploma in Management Sciences from University of Manchester. He has been Chairman of Loads Limited since 2005 and is currently CEO of Treet Group of companies. He is also Director on the Boards of various public companies including Packages Limited, IGI Insurance Limited, Ali Automobiles Limited etc. He has been actively involved in social & cultural activities and is Chairman of the Governing Boards of several hospitals and philanthropic organizations including Gulab Devi Hospital and Liaquat National Hospital.

### Mr. Saulat Said – Vice Chairman

Sulat Said has a Master's degree in Science from Punjab University. Earlier he worked for over 3 decades with Packages Limited in senior management positions where he retired as General Manager of the Company. He was CEO of IGI Insurance Limited before joining Loads Limited as Director in the year 2007. Currently, he is also a Board Member of Treet Corporation Limited.

### Mr. Munir K. Bana – Chief Executive & Director

Munir K. Bana qualified as a Chartered Accountant from A.F. Ferguson & Co. in 1972 and is a fellow of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited since 1996, initially serving as Director Finance and later elected as Chief Executive of the Company. Previously, he served on the Boards of various multi-national companies including Parke-Davis & Boots as Finance Director for 18 years. He also served over 10 years as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public-private partnership. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") for the year 2012-13. Currently, he is also a Board member in all the Treet group of Companies as well as Pakistan Steel Mill.

### Syed Sheharyar Ali – Non-Executive Director

After completing his BBA from Saint Louis University in 2001, Syed Sheharyar Ali started his career with Packages Limited. Currently, he holds the position of Executive Director in Packaging Solutions, a project of Treet Group. His portfolios also include member governing body Liaquat National Hospital, Karachi, President Punjab Netball Federation, Vice President Punjab Cycling Association, Director GET Motor Cycle Project, Vice President All Pakistan Music Council, Director Gulab Devi Hospital and Director Cutting Edge (Private) Limited.

### Mr. M. Ziauddin – Executive Director

Mr. M. Ziauddin is a graduate engineer from Peshawar University and obtained diploma in Air-conditioning from Syracuse University, USA. He has long experience in automobile and air-conditioning industries. Commencing his career with Ali Automobile Ltd, he served as Managing Director of OTS Elevator Co (USA) in Saudi Arabia for 14 years. Mr. Ziauddin has been on the Board of Loads since inception of the Company.

### Mr. Shamim Ahmed Siddiqui – Executive Director

Mr. Shamim Siddiqui is a qualified Cost and Management Accountant & a Gold Medalist from Institute of Cost and Management Accountants of Pakistan. He has been Chief Financial Officer of the company since last 15 years. He has wide experience in finance, costing, planning & taxation.

### Amir Zia – Non - Executive Director

Amir Zia is a qualified accountant from Chartered Institute of Management Accountants (CIMA-UK). He is Chief Financial Officer of Treet Group of Companies. He has vast experience and exposure in strategic planning, industry analysis, financial/ economic analysis & project evaluation, treasury management, international trade and international trade finance. His expertise also lies in financial and non-financial reporting, tax management, stock/ fixed income securities analysis & trading, financial restructuring (including debt/equity restructuring/balance sheet repositioning & capital restructuring); financial engineering and corporate affairs.

### **Najam I. Chaudhri – Independent Director**

Najam I. Chaudhri has 40 years of professional experience in the Accounting profession. His career commenced West Wake Price a firm of Chartered Accountants in the city of London and later on with A. F. Ferguson & Co. (A member firm of PriceWaterHouseCoopers), a leading Chartered Accountancy firm from where he retired in June 2007 as Senior Partner. He is a fellow member of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Pakistan.

Najam has worked in various senior positions and is a very well respected professional. He has been an active member of various organizations in Pakistan such as the Institute of Chartered Accountants where he has held different offices from Council member to Vice President and later President. He has also served on the committee of the Corporate Governance in Pakistan; Technical Advisor – Education Committee of International Federation of Accountants (IFAC), Member of the Sub-Group on Tax Reforms and Public Finance of the Economic Advisory Board (under the Chairmanship of Dr. Hafeez Pasha) and as a Committee Member on Reform Process Leading to Functional Separation between Audit & Accounts (under the Chairmanship of Mr. M.U. Beg).

Najam has also been a Member of the Government of Pakistan's Pay & Pension Committee and State Bank of Pakistan's Restructuring Committee to examine proposals for divesting non-core functions such as Retail Cash Management and Prize Bonds Scheme which led to the formation of the SBP Banking Services Corporation. He has also been the Director of Karachi Stock Exchange and a member of the Ad-Hoc Public Accounts Committee of Sindh.

He is presently an active member of the Sindh General Provident Investment Fund Board, Government of Sindh & Sindh Province Pension Fund Board, Government of Sindh and is a founding member of the Karachi Council for Foreign Relations. He is also Board member of Standard Chartered Bank (Pakistan) Limited and also the chairman of Board's Audit Committee.

### **Lubna S. Pervez – Independent Director**

Lubna is a senior lawyer with a wide experience of 25 years in tax laws. She joined M/s. Rehan Naqvi Associates, as an associate advocates in 1993 and later elevated as partner. Currently, she is Senior Partner at Lubna Pervez & Associates, with a major focus on tax and related matters and represents the clients before the Hon'ble Supreme Court, Hon'ble High Court of Sindh and Balochistan and various appellant authorities such as Appellate Tribunals and Tax Ombudsman.

She is member of the Supreme Court Bar Association, Sindh High Court Bar Association, Karachi Bar Association and Income Tax Bar Association. She is also appointed as member, Alternate Dispute Resolution Panel of Federal Board of Revenue. She graduated from University of Karachi and obtained her LL.B. from S. M. Law College, Karachi.



## Chairman's Review

I am pleased to present the audited annual accounts of the Loads Group for the year ended June 30, 2018.

### The Economy

The fiscal year 2018 witnessed heightened political uncertainty that continued till the elections of the country. Pakistan's economy has continued to grow at positive pace with GDP of 5.8% as compared with 5.3% for FY2017. The continued implementation of CPEC projects, new power generation capacity, sustained recovery of agriculture and strong growth in consumption were instrumental in achieving the recent performance.

The main driver has been the surge in imports by 17% year on year basis, reflecting strong domestic demand, implementation of import-intensive CPEC projects and rising oil prices. In contrast, exports have bounced back by 12.0% after three years of continuous decline due to supportive government measures. Growth in home remittances remained muted, up slightly by 3.6%.

The large scale manufacturing sector remained positive and grew by 6% on the back of improved energy supplies and better law and order situation. Further, Public Sector Development Program and CPEC related activities also continued to boost industries, such as cement, steel and heavy vehicles.

### The Automotive Industry

The Auto Industry showed an impressive growth in overall cars / LCVs sales for the financial year 2017-18 increased by 21%, heavy vehicles volumes increased by 15% and the tractor industry's sales increased by 29%.

The Company has geared up to meet the challenges in future with wide quality product range at competitive prices through an efficient management. We believe that consistent Government policies with long term vision are vital for the growth of auto industry.

### Sales of Loads Group

Net sales revenue of the Group touched Rs.4,890 million and increased by 11% over Rs.4,405 million in the previous year, on account of launch of new model Honda Civic and growth in Suzuki cars, specially Cultus & WagonR volumes (partly offset by decline of 2% in Toyota Corolla and 34% in Buses).

### Profitability

PBT and PAT of the Group decreased by 35% and 47% respectively, on account of higher financial charges as compared to previous year due to bulk investment in associated company, Hi-tech Alloy Wheels Limited, "mark to market" impact of notional loss on investments and absence of tax credit on listing due to falling under minimum (turnover) tax regime. Consequently, the group's EPS stands decreased from Rs.2.31 (Restated) to Rs.1.02 for the year 2018.

### Future Prospects

The Group will continue with its aggressive plans to invest in expansion and modernization to capitalize on the benefits of new entrants. Your management is determined to avail full benefits of these opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

### Acknowledgement

On my own behalf and on behalf of the Board of Directors of your Company, I take this opportunity of acknowledging the devoted and sincere services of employees of all the cadres of the Company. I am also grateful to our bankers, shareholders, and valued customers, the Original Equipment Manufacturers, and the related Ministries for their continued support.

**Saulat Said**  
Vice Chairman

Karachi, October 1, 2018

## چیسر مین کا جائزہ

میں لوڈز گروپ کے سال مختصر 30 جون 2018 کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے اظہارِ مسرت کرتا ہوں۔

### معیشت

مالیاتی سال 2018 میں ملک میں شدید غیر یقینی سیاسی صورتحال انتہائی تک جاری رہی۔ پاکستانی کی معیشت میں مسلسل مثبت نمو ہوئی یعنی GDP میں 5.8 فیصد اضافہ ہوا جبکہ مالیاتی سال 2017 میں 5.3 فیصد اضافہ ہوا تھا۔ CPEC کے پروجیکٹس پر عملدرآمد، توانائی کی گنجائش میں اضافہ، زراعت میں پائیدار بحالی اور ایشیائی علاقوں میں منہدم ہونے والے حالیہ کارکردگی کے حصول میں کلیدی کردار ادا کیا۔

درآمدات میں اضافہ کی بنیادی وجہ مقامی طلب میں اضافہ، CPEC سے حلقے پروجیکٹس کا نفاذ اور بڑھتی ہوئی تیل کی قیمتیں شامل ہیں۔ اس کے برعکس، برآمدات میں گزشتہ تین سالوں سے مسلسل کمی کے بعد 12 فیصد اضافہ ہوا جو کہ سازگار حکومتی اقدامات کی وجہ سے تھی۔ گھریلو ترسیلات میں معمولی یعنی 3.6 فیصد اضافہ ہوا۔

بڑے صنعتی پیداواری شعبے میں مثبت نمو ہوئی اور اس میں 6 فیصد اضافہ ہوا جس کی وجہ توانائی کی فراہمی میں بہتری اور اسن و عامہ کی بہتر صورتحال تھی۔ مزید پبلک سیکٹر ڈویلپمنٹ پر گرام اور CPEC سے ملحقہ سرگرمیوں کی وجہ سے مختلف صنعتوں جیسے سینٹ، اسٹیل اور بھاری گاڑیوں میں تسلسل کے ساتھ نمو ہوئی۔

### آٹوموٹو انڈسٹری

آٹو انڈسٹری میں متحرک ترقی ہوئی، 2017-2018 میں کاروں/میل کی فروخت میں 21 فیصد، بھاری گاڑیوں کی فروخت میں 15 فیصد اور ٹریکٹر انڈسٹری کی فروخت میں 29 فیصد اضافہ ہوا۔

بہتر اظہار کی وجہ سے کمپنی نے وسیع پیمانے پر مسابقتی نرخوں پر اعلیٰ معیاری مصنوعات فراہم کیں۔ ہمیں یقین ہے کہ حکومتی پالیسیوں میں آٹو انڈسٹری کی ترقی کے لئے انتہائی ضروری ہے۔

### لوڈز گروپ کی فروخت

گروپ کی خالص فروخت 4,890 ملین روپے تک پہنچ گئیں اور گزشتہ سال کی یہ نسبت 4,405 ملین روپے رہیں، جو کہ بوٹا سوک اور سوزوکی کاروں کے نئے ماڈل کے حصارف کرانے کی وجہ سے تھی خاص طور پر گھٹس اور ویگن R میں (جبکہ ٹویو کرولا میں 2 فیصد اور ہوس کی فروخت میں 34 فیصد کمی دیکھی گئی)

### منافع کاری

گروپ کے پی بی پی اور پی ایس ٹی میں بالترتیب 35 فیصد اور 47 فیصد کمی ہوئی جس کی وجہ گزشتہ سال کے مقابلے میں مالیاتی اخراجات کی بلند سطح، ملحقہ کمپنی ہائی ٹیک الاٹے ڈیولپمنٹ میں بھاری سرمایہ کاری، سرمایہ کاریوں پر مارک ٹو مارکیٹ قیاسی خسارے کے اثرات اور کم از کم طرز عمل میں لٹنگ ٹیکس کریڈٹ نہ ہونے کی وجہ سے تھی۔ جس کے نتیجے میں سال 2018 میں گروپ کا (restated) EPS 2.31 روپے سے کم ہو کر 1.02 روپے رہ گیا۔

### مستقبل کے امکانات

گروپ کے پاس توسیع دینے اور جدید بنانے کے لئے سرمایہ کاری کے لئے متحرک منصوبہ بندی ہے جس میں نئے داخل ہونے والوں کے سرمائے سے استفادہ کیا جائے گا۔ آپ کی انتظامیہ پر حزم ہے کہ ان مواقعوں سے عمل استفادہ کرتے ہوئے معیار، پیداوار، لاگت اور بعد از فروخت خدمات میں بہتری لاکر اپنی مسابقت میں بہتری لائے۔

### اعتراف

میں اپنی جانب سے اور کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے اس موقع پر کمپنی کے ہر طبقے کے ملازمین کی محنت اور قابل تعریف خدمات کو تسلیم کرتا ہوں۔ میں اپنے تمام سینکڑوں، حصص یافتگان اور قابل قدر گاہکوں، اصل تیار کنندگان اور متعلقہ ذرائع کے مسلسل تعاون پر ان کا مشکور ہوں۔

*Saukat Ali*

صورت سعید  
وائس چیئرمین

کراچی، یکم اکتوبر 2018



## Directors' Report to the Shareholders

The Directors of your Company take pleasure in presenting Loads Group's Annual Report together with Annual Audited Financial Statements for the year ended June 30, 2018.

### Operating and Financial Results (Consolidated)

	Rs. in Millions	
	2018	2017
Sales	4,890	4,405
Gross Profit	521	548
Operating Profit	341	397
Profit Before Taxation (PBT)	245	378
Profit After Taxation (PAT)	162	306
Earnings per share (EPS – in Rupees) – basic and diluted	1.02	Restated 2.31

### Business Review

Your group has touched sales of Rs. 4.9 billion per annum, registering an increase of Rs. 485 million (+11%) over previous year, on account of overwhelming response to new model of Honda civic, growth in Suzuki cars, specially Cultus & WagonR volumes, heavy vehicles & tractors (partly offset by decline of 2% in Toyota Corolla and 34% in buses).

Gross Profit and Operating Profit registered a decline of 5% and 14% respectively on account of rupee devaluation and depreciation cost on major capitalization of plant & equipment for modernization & capacity enhancement, as planned in the Initial Public Offer.

PBT and PAT for the year 2018 reflects a significant decline of 35% and 47% respectively, mainly due to higher financial charges as compared to previous year, on account of substantial investment in diversification into Alloy Wheels industry through subsidiary, Hi-tech Alloy Wheels Limited, "mark to market" impact of notional loss on investments and absence of tax credit on listing due to falling under minimum (turnover) tax regime. Consequently, the group's EPS stands decreased from Rs. 2.31 (Restated) to Rs. 1.02 for the year 2018.

### AUTOMOTIVE INDUSTRY REVIEW

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

Overall cars / LCVs sales for the financial year 2017-18 increased by 21% over previous year to 258,632 units. Honda and Suzuki have performed well and their sales have grown up by 31% & 26% respectively, whereas Toyota Corolla Car sales declined by 2% during the year.

#### (b) Heavy Commercial Vehicles

Heavy vehicles volumes increased from previous year's 8,629 units to 9,946 units, registering an overall increase of 15%. Truck sales increased by 23% due to the impact of CPEC projects, whereas buses recorded a decrease of 34%.

#### (c) Tractors

The tractor industry's sales increased by 29% over previous year, registering sales of 70,887 units in 2018 (2017: 54,992 units), with growth of 40% and 24% in volumes of Al-Ghazi Tractors and Millat Tractors respectively.



## COMPANY'S SALES PERFORMANCE

The overall sales of the group have increased by 11%. The Company's product-wise performance for the year is analyzed below:



**Exhaust Systems**



**Radiator**



**Sheet metal components**

Products	Rs. in Millions		
	Sales		
	2018	2017	+(-)%
Exhaust Systems	3,191	3,063	4.2
Radiators	823	692	19
Sheet Metal Components	876	650	35
<b>Total</b>	<b>4,890</b>	<b>4,405</b>	<b>11</b>

Comments on performance of various product groups are given below:

**a) Exhaust Systems**

Sales have shown growth of 4.2%, mainly due to success of new model of Honda Civic and growth in Suzuki volumes, partly offset by decline in Toyota Corolla and buses volumes.

**b) Radiators**

This business increased by 19%, mainly due to growth in Suzuki car volumes and after market sales.

**c) Sheet Metal Components**

This product group has registered a healthy growth of 35%, mainly due to growth of Honda and Suzuki cars.



## Other Material Changes or Commitments

No other material changes or commitments, which could affect the financial position of your Company, have occurred between the end of the financial year and the date of this review.

## Risk Management

The Risk management process encompasses identification of strategic, financial, operational, legal and external risks and ensuring appropriate measures to minimize adverse effect on the Company's performance. Strategic risk arising from our customers' demand and capacity utilization create risk of loss of business and related margins. These risks are addressed through strategic business alignment and its effects are addressed thoroughly.

The decrease in demand for Company's product may have an adverse impact on its profitability due to lower sales volume resulting from lower than anticipated growth in auto industry. The other factor is adverse foreign exchange movement i.e. PKR depreciation will inflate the price of imports thus affecting the profitability of the Company. Financial risks include credit risk, market risk and liquidity risks. An effective management process is in place and action plans are identified to address issues and mitigate risks.

## Internal Financial Control

A system of sound internal control has been established and implemented at all levels within the company. The system of internal control is sound in design for ensuring achievements of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

## Transfer Pricing

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, subject to approval of Board of Directors and Audit Committee, after justifying (and duly presenting in the financial statements) its rationale and financial impact for the departure.

## Corporate Financial Reporting

The financial Statements prepared by the Management of the Company present fairly its state of affairs, the results of its operations, cash flow and changes in equity. The financial statements together with notes thereto have been drawn up in conformity with the Companies Act, 2017. International Financial Reporting Standards have been followed in the preparation of the financial Statements. Accounting policies have been consistently applied in the preparation of the financial statements.

## Companies (Corporate Social Responsibility) General Order, 2009

In terms of Companies (Corporate Social Responsibility) General Order, 2009, your company contributed in the following areas during the current financial year:

- (i) Energy Conservation: Projects to switch over to energy saving devices continue in phases and company has recently installed solar power at its head office.
- (ii) Quality and Environmental management systems: ISO 9001 and ISO 14001 certifications, previously obtained by the Company, continue to be renewed every year.
- (iii) Business Ethics: Strict ethics were followed in all business dealings throughout the year.
- (iv) Contribution to National Exchequer: The group met all its obligations towards payments of income tax, sales tax and other government levies aggregating Rs. 1,310 million.

## Attendance of Board Meetings

The Board of Directors of your company has met six (6) times during the year 2017-18 and the attendance at each of these meetings is as follows:-

Name of Director	Designation	25 Sep 17	27 Oct 17	9 Nov 17	21 Dec 17	28 Feb 18	25 Apr 18	2017 - 18
Syed Shahid Ali	Chairman	P	A	A	P	P	A	3/6
Mr. Saulat Sald	Vice Chairman	P	P	P	P	P	P	6/6
Mr. Munir K. Bana	Chief Executive	P	P	P	P	P	P	6/6
Mr. Najam I. Chaudhri	Independent Director	P	A	A	P	P	P	4/6
Syed Sheharyar Ali	Non -Executive Director	P	P	A	P	P	P	5/6
Mr. Amir Zia	Non -Executive Director	P	P	P	P	P	P	6/6
Mr. Muhammad Ziauddin	Executive Director	P	P	P	P	P	P	6/6
Mr. Shamim A. Siddiqui	Executive Director	P	P	P	P	P	P	6/6
Ms. Lubna S. Pervez	Independent Director	-	-	-	P	P	P	3/6
<b>Quorum at Meetings</b>		8/8	6/8	5/8	9/9	9/9	8/9	

Leave of absence was granted to those directors who were unable to attend a meeting.

## Election Of Directors

The term of directors expired on December 17, 2017 and the shareholders in their Extraordinary General Meeting held on December 11, 2017 elected a newly constituted board in accordance with the statutory requirements.



The Board of Directors is composed of nine members (including one female director) and the current composition of the Board is as follows:

S. No	Name of Directors	Category	Number of Directors
1.	Syed Shahid Ali	Non -Executive Directors	4
2.	Mr. Saulat Said		
3.	Syed Sheharyar Ali		
4.	Mr. Amir Zia		
5.	Mr. Najam I. Chaudhri	Independent Directors	2
6.	Ms. Lubna Saleem Pervez		
7.	Mr. Munir K. Bana	Executive Directors	3
8.	Mr. M. Ziauddin		
9.	Mr. Shamim A. Siddiqui		

### Audit Committee

The Audit Committee comprises of four non-executive directors, including one independent director, who is the Chairman of the Committee.

During the year, Audit Committee held four meetings, each before the Board of Directors' meeting, to review the financial statements, internal audit reports, compliances with the best practices of Corporate Governance requirements and other associated matters. These meetings included meetings with the external auditors before and after completion of audit for the year ended June 30, 2018.

### Human Resources & Remuneration Committee

The Board has formed a Human Resources & Remuneration Committee (HR&RC) which consists of six members. As required, the Chairman of the HR&RC is a non-executive director. The Committee held one meeting during the year to discuss and approve the matters falling under the terms of reference of the Committee.

### Chairman's Review

The accompanied Chairman's review deals with the performance of the company for the year ended June 30, 2018 and the future outlook. The directors endorse the contents of the review.

### Statement of Compliance with the Code of Corporate Governance

The Company has complied with the requirements of the Code of Corporate Governance as contained in the Rule Book of Pakistan Stock Exchange. A statement to this effect is annexed with this report.

### Pattern of Shareholding

The pattern of shareholding as on June 30, 2018 and its disclosure, as required by the Code of Corporate Governance, is annexed with this report.

### Auditors

The present auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2019. Their appointment has been recommended by the Audit Committee.

## Future Outlook

Improved macroeconomic indicators, law and order situation, enthusiastic new government will provide a new momentum to the auto industry. Development activities related to CPEC are expected to contribute to industrial growth and improved infrastructure in the country.

Your Company is geared up to meet the challenges in the future, with a wide quality product range at competitive prices through an efficient management. We believe that consistent Government policies with long term vision are vital for the growth of auto industry.

The company has strong demand for its auto parts from existing customers and the new entrants, who have announced their plans for setting up automotive assembly plants.

The listing application for the Initial Public Offering of our subsidiary M/s. Hi-Tech Alloy Wheels Limited has been filed with the PSX.

The above factors are expected to maintain the growth momentum in the auto parts industry.

## Acknowledgements

The Board wishes to thank all the employees for their continuing support and hard work during the year. We also wish to extend our thanks to our customers for their continued patronage and look forward to a fruitful relationship with them in the years ahead.

By Order of the Board



**MUNIR K. BANA**  
Chief Executive

Karachi: October 1, 2018



**M. ZIAUDDIN**  
Director

## آڈٹ کمیٹی

آڈٹ کمیٹی چارٹنڈ ایگزیکٹو ڈائریکٹران پر مشتمل ہے جس میں ایک خود مختار ڈائریکٹر جو کہ کمیٹی کا چیئرمین ہے۔

سالانہ کے دوران آڈٹ کمیٹی کے چار اجلاس ہوتے، ہر اجلاس بورڈ کے اجلاس سے قبل ہوا، جس میں باہمی گوشواروں، انٹرنل آڈٹ رپورٹس، ادارتی نظم و ضبط کے بہترین طور طریقوں کی پاسداری اور دیگر متعلقہ معاملات کا جائزہ لیا گیا۔ ان اجلاسوں میں 30 جون 2018 کے آڈٹ کی تکمیل سے قبل اور بعد میں برائے بیرونی آڈیٹرز کو بھی بلایا جاتا ہے۔

## انسانی وسائل اور معاوضہ کمیٹی

بورڈ کی انسانی وسائل اور معاوضہ کمیٹی (HR&RC) چھ ممبران پر مشتمل ہے۔ HR&RC کے چیئرمین کا نام ایگزیکٹو ڈائریکٹر ہونا لازمی ہے۔ سال کے دوران کمیٹی کا ایک اجلاس ہوا جس میں کمیٹی کی ذمہ داریوں سے متعلق معاملات پر بحث ہوئی اور منظوری دی گئی۔

## چیئرمین کا جائزہ

چیئرمین کے جائزہ میں ہفتہ سہ سال 30 جون 2018 میں کمیٹی کی کارکردگی اور مستقبل کی پیش بینی بتائی گئی ہے۔ ڈائریکٹران نے جائزہ کے مندرجات کی توثیق کی ہے۔

## ادارتی نظم و ضبط کے ضابطہ کی پاسداری سے متعلق بیان

کمیٹی پاکستان اسٹاک ایکسچینج کی رول بک کے وضع کردہ ادارتی نظم و ضبط کے ضابطہ کی پاسداری کرتی ہے۔ اس سلسلے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

## حصص داری کی ساخت

30 جون 2018 کو حصص داری کی ساخت اور اس کے مشکلات کو ادارتی نظم و ضبط کے ضابطہ کے تحت اس رپورٹ کے ساتھ منسلک کیا گیا ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز کے بی ایم بی ٹائیمر ہائی لینڈ کو، چارٹرڈ اکاؤنٹنٹس رجسٹر ہو رہے ہیں اور لیبلیت کے باعث انہوں نے سال 30 جون 2019 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ آڈٹ کمیٹی نے ان کی تقرری کی سفارش کی ہے۔

## مستقبل کی پیش بینی

بہتر اقتصادی اٹارے، امن و عافیت کی بہتر صورت حال، نئی پر عزم حکومت سے آؤٹ لکسٹری کو اہمیت ملے گی۔ CPEC سے لاحق ترقیاتی سرگرمیوں کی وجہ سے توقع ہے کہ صنعتی ترقی ہوگی اور ملک کے بنیادی ڈھانچے میں بہتری آئے گی۔

آپ کی کمیٹی بہتر اہتمام کے ذریعے دستیاب ہونے پر معیاری مصنوعات مسابقتی نرخوں پر فراہم کر کے چیلنجوں کو پورا کرے گی۔ ہمیں یقین ہے کہ طویل مدتی دہان کے تحت حکومتی پالیسیوں میں تسلسل آؤٹ لکسٹری کی ترقی میں اہم کردار کرے گا۔

موجودہ چیلنجز اور صنعت میں نئے داخل ہونے والوں کی آؤٹ لکسٹری پلانٹ لگانے کی منصوبہ بندی کی وجہ سے کمیٹی کے آؤٹ لکسٹری کی طلب میں اضافہ ہوگا۔

مندرجہ بالا عناصر سے توقع ہے کہ آؤٹ لکسٹری کی صنعت میں نمو برقرار رہے گی۔

اداری ذیلی کمیٹی میسرز ہائی ٹیک ایسے وہیلز لینڈ کے لئے اداری ابتدائی پیشکش کی لسٹنگ کی درخواست PSX میں دائر کر دی گئی ہے۔

## اعتراف

بورڈ سال کے دوران تمام ملازمین کے مسلسل تعاون اور ہنٹنگ عنت پر ان کا مشکور ہے۔ ہمارے کانٹریکٹ کی مسلسل سرپرستی پر ان کا شکریہ ادا کرتے ہیں اور امید کرتے ہیں کہ آئے والے سالوں میں بھی یہی نتیجہ خیز تعلق قائم رہے گا۔



محمد شہاب الدین  
ڈائریکٹر



میر کے پتا  
چیئرمین ایگزیکٹو

## کمپنیز (کارپوریٹ سوشل ریسپانسبلٹی) جزل آرڈر 2009

کمپنیز (کارپوریٹ سوشل ریسپانسبلٹی) جزل آرڈر 2009 کے جزل نظر کمپنی نے سال کے دوران مندرجہ ذیل اقدامات کئے:

- توانائی کی بچت: توانائی بچت کے آلات کو نصب کرنے کا عمل جاری ہے اور کمپنی نے حال ہی میں شمسی توانائی کا آلہ اپنے ہیڈ آفس میں نصب کیا ہے۔
- معیار اور ماحولیاتی نظام: ISO 9001 اور ISO 14001 کی تصدیقات جو کہ کمپنی نے پہلے سے حاصل کی ہوئی ہیں، ان کی اس سال بھی تجدید ہوئی۔
- کاروباری ضابطہ اخلاق: سال کے دوران کاروباری لین دین میں سخت اخلاقی ضوابط پر عملدرآمد کیا گیا۔
- قومی خزانے کو معاونت: گروپ نے اکم، سیز، ٹیکس اور دیگر حکومتی محصولات کی ادائیگی کے ذریعے مجموعی طور پر 1,310 ملین روپے قومی خزانے میں معاونت کی۔

بورڈ کے اجلاسوں میں حاضری

سال 2017-18 کے دوران آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کے چھ اجلاس ہوئے اور ہر اجلاس میں حاضری کی تفصیل درج ذیل رہی:

2017 18	25 Apr 18	28 Feb 18	21 Dec 17	9 Nov 17	27 Oct 17	25 Sep	مہدہ	ڈائریکٹر کا نام
3/6	A	P	P	A	A	P	حزب	سید شاہد علی
6/6	P	P	P	P	P	P	ماس جوسین	جناب سولت سعید
6/6	P	P	P	P	P	P	جے ایچ ایگزیکٹو	جناب میر کے بابا
4/6	P	P	P	A	A	P	غور علی ڈائریکٹر	جناب نجم آئی چوہدری
5/6	P	P	P	A	P	P	نان ایگزیکٹو ڈائریکٹر	سید شہریار علی
6/6	P	P	P	P	P	P	نان ایگزیکٹو ڈائریکٹر	جناب عامر عیاد
6/6	P	P	P	P	P	P	ایگزیکٹو ڈائریکٹر	جناب محمد عیاد الدین
6/6	P	P	P	P	P	P	ایگزیکٹو ڈائریکٹر	جناب شمیم اے صدیقی
3/6	P	P	P	-	-	-	غور علی ڈائریکٹر	حزبہ لقی سلیم پرویز
	8/9	9/9	9/9	5/8	6/8	8/8		اجلاسوں میں حاضری

جو ڈائریکٹران حاضر نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

## ڈائریکٹران کے انتخابات

ڈائریکٹران کی مدت 17 دسمبر 2017 کو ختم ہو چکی تھی اور حصص یافتگان نے اپنے غیر معمولی اجلاس عام منعقدہ 11 دسمبر 2017 میں آئینی ضروریات کے تحت نئے بورڈ کو منتخب کیا ہے

بورڈ آف ڈائریکٹرز 9 ممبران (بشمول خاتون ڈائریکٹر) پر مشتمل ہے اور بورڈ کی موجودہ تشکیل بندی درج ذیل ہے:

نمبر نمبر	ڈائریکٹر کا نام	مہدہ	ڈائریکٹران کی تعداد
1	سید شاہد علی		4
2	جناب سولت سعید		
3	سید شہریار علی		
4	جناب عامر عیاد	نان ایگزیکٹو ڈائریکٹر	
5	جناب نجم آئی چوہدری		2
6	حزبہ لقی سلیم پرویز	غور علی ڈائریکٹر	
7	جناب میر کے بابا		3
8	جناب محمد عیاد الدین		
9	جناب شمیم اے صدیقی	ایگزیکٹو ڈائریکٹر	



روپے ملین میں			معلومات
فروخت			
+(-)%	2017	2018	
4.2	3,083	3,191	ایگزاسٹ سسٹم
19	892	823	ریڈی لٹری
35	650	878	شیٹ میٹل کمپونینٹس
11	4,405	4,890	کل

گروپ کی مختلف مصنوعات کی کارکردگی کا جائزہ درج ذیل ہے:

### (a) ایگزاسٹ سسٹم

اس کی فروخت میں 4.2 فیصد اضافہ ہوا جس کی بنیادی وجہ ہوٹلا سوک کے نئے ماڈل کا تعارف اور سوزوکی فروخت میں موٹا شامل ہے جبکہ ٹویونا کرولا اور بسوں کی فروخت میں کمی حد تک کی ہوئی۔

### (b) ریڈی لٹری

اس کے کاروبار میں 19 فیصد اضافہ ہوا جس کی بنیادی وجہ سوزوکی کار کی فروخت اور بعد از فروخت میں اضافہ تھا۔

### (c) شیٹ میٹل کمپونینٹس

گروپ کی اس مصنوعات میں 35 فیصد کی نمو ہوئی جس کی بنیادی وجہ ہوٹلا اور سوزوکی کاروں کی فروخت میں اضافہ تھی۔

### دیگر بڑی تبدیلیاں اور معاہدے

مالیاتی سال کے اختتام اور اس جائزہ کے تاریخ تک ایسی کوئی بڑی تبدیلیاں رونما نہیں ہوئیں جن سے کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو۔

### خطرات کا انتظام

خطرات کے انتظام کے نظام میں کلیدی، مالیاتی، کاروباری، قانونی اور بیرونی خطرات کی شناخت اور کمپنی کی کارکردگی پر ان کے برے اثرات سے بچاؤ کے لئے مناسب اقدامات کرنا شامل ہے۔ کلیدی خطرات جو کہ گاہکوں کی طلب اور پیداواری صلاحیت کی وجہ سے پیدا ہوتے ہیں وہ کمپنی کے خسارے اور متعلقہ منافع کے لئے خطرہ ہیں۔ ان خطرات کو بھرپور کاروباری سخت عملی سے دور کیا جاتا ہے اور اس کے اثرات کو مکمل طور پر ناکل کیا جاتا ہے۔

کمپنی کی مصنوعات کی طلب میں کمی سے ہماری منافع کاری پر برے اثرات مرتب ہو گئے جس کے نتیجے میں فروخت کے پست حجم سے آٹو انڈسٹری کی نمو متاثر ہوگی۔ دیگر عناصر زرمبادلہ میں ناسازگار تبدیلی یعنی روپے کی قدر میں فرسودگی سے برآمدی قیمتیں تغیر پذیر ہو جائیں گی جس سے کمپنی کی منافع کاری متاثر ہوگی۔ مالیاتی خطرات میں قرضہ جاتی خطرات، بازاری خطرات اور روایت کے خطرات شامل ہیں۔ خطرات سے نمٹنے کا ایک موثر نظام موجود ہے اور ضروری اقدامات کی شناخت کی جاتی ہے جن سے مسائل کو حل کیا جاسکے اور خطرات میں کمی لائی جاسکے۔

### اندرونی مالیاتی گرفت

اندرونی گرفت کا نظام قائم کیا گیا ہے اور کمپنی میں ہر سطح پر نافذ ہے۔ اندرونی گرفت کے نظام کی شکل مضبوط ہے جو کہ ادارے کے مقاصد کے حصول اور اس کی کاروباری اہلچہری اور استعداد، درست مالیاتی رپورٹنگ اور قوانین، شواہد اور پالیسیوں کی پاسداری کو یقینی بناتا ہے۔

### ملحقہ پارٹیوں کے سودے

کمپنی کی پالیسی ہے کہ ملحقہ پارٹیوں کے ساتھ تمام سودے عمومی طریقہ کار کے تحت انجام پائیں۔ تاہم استثنائی معاملات میں سودے عمومی طریقہ کار کے علاوہ بھی ہوئے جو کہ کمپنی کے بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کی منظوری سے مشروط ہیں، جو کہ (مالیاتی گوشواروں میں باقاعدہ پیش کیے جائیں گے) اور اس کی بنیادی توجیہ اور اس کے مالیاتی اثرات کا جائزہ لے کر لے لیا جائے گا۔

### ادارتی مالیاتی رپورٹنگ

کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور لیکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ مالیاتی گوشوارے کے ساتھ ان کے نوٹس بھی کمپنیز ایکٹ 2017 کے مطابق وضع کئے گئے ہیں۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔ حساباتی پالیسیوں کو مسلسل کے ساتھ مالیاتی گوشواروں کی تیاری میں استعمال کیا گیا ہے۔



## لوڈز لیٹڈ

## حصص یافتگان کے لئے ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران گروپ کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے برائے مختصر سال 30 جون 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاروبار اور مالیاتی نتائج

روپے ملین میں

2017	2018	
4,405	4,890	فروخت
548	521	خام منافع
397	341	کاروباری منافع
378	245	منافع قبل از ٹیکس
308	162	منافع بعد از ٹیکس
Restated 2.31	1.02	فی حصص آمدنی (ای پی ایس بنیادی اور ترقی روپے میں)

## کاروباری جائزہ

آپ کی کمپنی کی فروخت 4.9 بلین روپے سالانہ کی سطح تک پہنچ گئیں جو کہ گزشتہ سال کے مقابلے میں 485 ملین روپے (+11 فیصد) زیادہ ہیں جس کی وجہ ہوٹلا سوک کے نئے ماڈلز کی مقبولیت، سوڈی کاروں خصوصاً گلکس اور ویگن R، بھاری گاڑیوں اور ٹریکٹرز کی فروخت میں اضافہ (جزوی طور پر ٹویٹا کرولا 2 فیصد اور بسوں کی میں 34 فیصد کی) شامل ہے۔

خام منافع اور کاروباری منافع میں ہائیرٹیپ 5 فیصد اور 14 فیصد کی کمی ہوئی جس کی وجہ روپے کی قدر میں فرسودگی اور بڑے اثاثوں جیسے پلائٹ این لیکوہنٹ فرسودہ حالت کی وجہ سے ان کو جدید بنانے اور پیچیدہ مینٹیننس بڑھانے کے لئے سرمایہ کاری تھی۔ جس کی ابتدائی حوامی پیشکش میں منصوبہ بندی کی گئی تھی۔

PAT اور PBT میں ہائیرٹیپ 35 فیصد اور 47 فیصد کی قابل ذکر کمی ہوئی، جس کی بنیادی وجہ گزشتہ سال کی بہ نسبت مالیاتی اخراجات میں اضافہ تھا جس میں Alloy Wheels کی صنعت میں تنوع بذریعہ اس کی ڈیلی کمپنی ہائی ٹیک الائنڈ ویلز لیمنڈ میں بھاری سرمایہ کاری، سرمایہ کاری پر مارکیٹ ٹو مارکیٹ قیاسی شمارہ اور لسٹنگ کی وجہ سے کم از کم طرز ٹیکس میں ٹیکس کریڈٹ نہ ہونا شامل ہے۔ جس کے نتیجے میں سال 2018 میں گروپ کا (restated) EPS 2.31 روپے سے کم ہو کر 1.02 روپے رہ گیا۔

آٹوموٹو انڈسٹری کا جائزہ

(a) مسافر کاروں / ہلکی جہازتی گاڑیوں (LCVs)

مجموعی طور پر کاروں / ہلکی جہازتی گاڑیوں کی فروخت میں گزشتہ سال کے مقابلے میں 21 فیصد یعنی 258,632 یونٹس کا اضافہ ہوا۔ ہوٹلا اور سوک کی کارکردگی بہتر رہی اور ان کی فروخت میں ہائیرٹیپ 31 فیصد اور 26 فیصد اضافہ ہوا جبکہ سال کے دوران ٹویٹا کرولا کار کی فروخت میں 5 فیصد کمی ہوئی۔

بھاری جہازتی گاڑیوں کی فروخت گزشتہ سال کے 8,629 یونٹس سے بڑھ کر 9,946 یونٹس ہو گئی، جو کہ مجموعی طور پر 15 فیصد اضافہ کی نشاندہی کرتا ہے۔ CPEC کے پروجیکٹس کے اثرات کی وجہ سے ٹرک کی فروخت میں 23 فیصد اضافہ سے ہوا جبکہ بسوں میں 34 فیصد کمی دیکھی گئی۔

(c) ٹریکٹرز

ٹریکٹرز انڈسٹری کی فروخت میں گزشتہ سال کی بہ نسبت 29 فیصد اضافہ یعنی 2018 میں ان کی فروخت 70,887 یونٹس رہی (2017 میں 54,992 یونٹس) جس میں الغازی ٹریکٹرز اور ملت ٹریکٹرز کی فروخت میں ہائیرٹیپ 40 فیصد اور 24 فیصد نمو ہوئی۔

کمپنی کی فروخت کی کارکردگی

گروپ کی مجموعی فروخت میں 11 فیصد اضافہ ہوا۔ کمپنی کی مصنوعات دار کارکردگی کا تجزیہ درج ذیل ہے:



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### INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Loads Limited

#### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Loads Limited ("the Company") for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

*KPMG*



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Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

**Note/paragraph**

S.No.	Reference to the Statement of Compliance	Description
i.	2	The Board of Directors comprises of nine directors. This includes two independent directors which are less than the prescribed limit of three directors (i.e. one third of the total members of the Board) as stipulated in regulation 6 (1) of the Regulations.
ii.	9	The new members on the reconstituted Board have not obtained the Directors' Training Program (DTP) certification as required by the regulation 20 (2) of the Regulations.

Date: 1 October 2018

Karachi

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



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company      Loads Limited  
Year ending            June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:


1. The total number of directors are 9 as per the following:
 

a.	Male	8
b.	Female	1
  
2. The composition of board is as follows:
 

Independent Directors	Mr. Najam I. Chaudhri Ms. Lubna Saleem Pervez
Non-Executive Directors	Syed Shahid Ali Mr. Saulat Said Syed Sheharyar Ali Mr. Amir Zia
Executive Directors	Mr. Munir K. Bana Mr. M. Ziauddin Mr. Shamim A. Siddiqui
  
3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged Directors' Training program during the year.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:
- a. **Audit Committee**
- |                       |   |          |
|-----------------------|---|----------|
| Mr. Najam I. Chaudhri | - | Chairman |
| Mr. Saulat Said       | - | Member   |
| Syed Sheharyar Ali    | - | Member   |
| Mr. Amir Zia          | - | Member   |
- b. **Human Resources & Remuneration Committee**
- |                         |   |             |
|-------------------------|---|-------------|
| Ms. Lubna Saleem Pervez | - | Chairperson |
| Mr. Saulat Said         | - | Member      |
| Mr. Munir K. Bana       | - | Member      |
| Syed Sheharyar Ali      | - | Member      |
| Mr. Amir Zia            | - | Member      |
| Mr. Shamim A. Siddiqui  | - | Member      |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- |                                  |                      |
|----------------------------------|----------------------|
| a. Audit Committee               | 4 quarterly meetings |
| b. HR and Remuneration Committee | 1 annual meeting     |
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of Board of Directors

  
Munir K. Bana  
Chief Executive

October 1, 2018  
Karachi



# **CONSOLIDATED FINANCIAL STATEMENTS**



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#### INDEPENDENT AUDITORS' REPORT

To the members of Loads Limited

Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of **Loads Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to note 1.3 to the consolidated financial statements, which states that the operations of the subsidiary company, Specialized Motorcycles (Private) Limited have ceased and transferred to the Parent Company. Accordingly, the financial statements of the subsidiary were not prepared on going concern basis. Our opinion is not modified in respect of this matter.

*KPMG*



KPMG Taseer Hadi & Co.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Revenue Recognition</b></p> <p>Refer notes 3.12 and 24 to the consolidated financial statements.</p> <p>The Group's revenue for the year ended 30 June 2018 was Rs. 4,889.7 million.</p> <p>The Group's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products").</p> <p>The timing of revenue recognition depends on the terms of individual sales transactions and revenue is generally recognized when the Products leave the Group's warehouses. Accordingly, there is a risk that revenue is recognized for sales of individual products before the significant risks and rewards of ownership of the goods sold have passed to the customers.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an</p>	<p>Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>assessed the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern the revenue recognition;</li> <li>inspected sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue;</li> <li>compared revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognized in accordance with the Group's revenue recognition accounting policies;</li> <li>compared on a sample basis, revenue transactions recorded just before and after the year end with the underlying goods</li> </ul>

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## KPMG Tasèer Hadi &amp; Co.

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.</p>	<p>delivery notes and other relevant documents to assess whether the revenue had been recognized in the appropriate accounting period; and</p> <ul style="list-style-type: none"> <li>• inspected manual journal entries relating to revenue which were raised during the year, enquired of management the reasons for such adjustments and inspected underlying documents on sample basis.</li> </ul>
2.	<p><b>Assessing the carrying value of the investment in associate</b></p> <p>Refer note 3.1.4 and 6 to the consolidated financial statements.</p> <p>The carrying value of the Group's investment in associate as at 30 June 2018 was Rs. 399.1 million, which exceeded the market value at that date and lower than the asset's value in use.</p> <p>As at 30 June 2018, management conducted an impairment test to assess the recoverability of the carrying value of the investment in associate. This was performed using a discounted cash flow model to calculate the asset's value in use. A number of key judgements were made in determining the inputs into discounted cash flow model which included expected future cash flows, growth rate and the discount rate applied to the cash flows.</p> <p>We identified assessing the carrying value of the investment in</p>	<p>Our audit procedures to assess the carrying value of the investment in associate, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• engaged our internal valuation specialists to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis relating to growth rate and the discount rate used to derive the recoverable amount of the investment in associate;</li> <li>• evaluated the discounted cash flow prepared by management and considered the possibility of error or management bias; and</li> <li>• considered whether the disclosures in the consolidated financial statements in respect of the impairment assessment reflected the risks inherent in the key assumptions with reference to the requirements of</li> </ul>

*Hadi & Co.*



KPMG Taseer Hadi & Co.

S. No.	Key audit matters	How the matter was addressed in our audit
3.	<p>associate as a key audit matter because of its significance to the consolidated financial statements and because assessing the key impairment assumptions involves a significant degree of management judgement, which may affect both the carrying value of the Group's investment in associate as well as any impairment charge for the year, and may be subject to management bias.</p> <p><b>Valuation of Stock in trade</b></p> <p>Refer notes 3.3 and 7 to the consolidated financial statements.</p> <p>The balance of gross stock-in-trade at 30 June 2018 is Rs. 1,667.6 million, against which an obsolescence provision of Rs. 4.9 million is held.</p> <p>The Group reviews its finished goods inventory on a regular basis and, where appropriate, makes provision for obsolete inventory based on estimates of future sales activity.</p> <p>Management's judgement is required to assess the appropriate level of provisioning required for the inventories, including the assessment of available facts and circumstances, the stock-in-trade own physical conditions, the market selling prices and estimated selling costs of the stock-in-trade.</p>	<p>the relevant accounting standards.</p> <p>Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• attended management's inventory counts and observed the process at material inventory locations, including observing the process implemented by management to identify and monitor obsolete stock;</li> <li>• assessed the adequacy of the allowance for obsolescence, by taking into consideration the status of the ageing and conditions of the inventories and historical usage pattern;</li> <li>• re-calculated the allowance for inventory obsolescence in accordance with the Group's policy;</li> <li>• considered the historical accuracy of provisions made by the Group by examining the</li> </ul>

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KPMG Taseer Hadl & Co.

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>We focused on this area as the stock-in-trade is material to the Group's consolidated financial statements and the determination of allowance for inventory obsolescence involves significant management's judgement and estimation.</p>	<ul style="list-style-type: none"> <li>reversal of previously recorded provisions; and</li> <li>assessed the adequacy of the related disclosures in the notes to the consolidated financial statements.</li> </ul>
4.	<p><b>Credit risk concentration and recoverability of Trade Debts</b></p> <p>Refer notes 3.9 and 8 to the consolidated financial statements.</p> <p>As at 30 June 2018, the Group's trade debts were Rs. 350.8 million against which no allowance for doubtful debts was recorded.</p> <p>The top 4 customers of the Group constituted approximately 84% of the outstanding trade debts as at 30 June 2018.</p> <p>Group assessed the recoverability of trade debts with reference to the credit history of the customers, the length of relationship with the customer and the customer's repayment history and known market factors.</p> <p>We identified this as a key audit matter as there is a risk that some of the trade debtors may not be recoverable and, therefore, judgement is required to evaluate whether any allowance should be made to reflect the risk.</p>	<p>Our audit procedures to assess the credit risk concentration and recoverability of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>tested the ageing report of the trade debts for its accuracy and reliability;</li> <li>reviewed the ageing analysis of and assessed the recoverability of significant and long overdue balances, with reference to sales and payment track records;</li> <li>examined subsequent receipts from the customers, or where there were no subsequent receipts, analyzed their payment track records to assess the recoverability of the outstanding trade debts; and</li> <li>evaluated management assumptions used to determine provision for doubtful debts / impairment loss with reference to turnover days, historical collection pattern, and the broader industry factors.</li> </ul>

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KPMG Taseer Hadi & Co.

S. No.	Key audit matters	How the matter was addressed in our audit
5.	<p data-bbox="475 680 1034 707"><b>Capitalization of property, plant and equipment</b></p> <p data-bbox="475 726 847 785">Refer notes 3.2 and 4 to the consolidated financial statements.</p> <p data-bbox="475 804 847 919">The net book value of the Group's property, plant and equipment as at 30 June 2018 was Rs. 1,879.7 million.</p> <p data-bbox="475 938 847 1178">The Group continues to invest in significant capital projects including the assembling of imported plants for manufacturing and painting of Alloy Wheels and other automotive products. The Group also acquired land in the current year.</p> <p data-bbox="475 1209 847 1451">We identified this as a key audit matter as capital expenditure requires consideration of the nature of costs incurred to ensure that the capitalization of property, plant and equipment meets the specific recognition criteria of relevant accounting standards.</p>	<p data-bbox="882 726 1276 842">Our audit procedures to assess the recognition of property, plant and equipment, amongst others, included the following:</p> <ul data-bbox="882 867 1276 1585" style="list-style-type: none"> <li data-bbox="882 867 1276 1157">• assessed the Group's capitalization policy to determine compliance with relevant accounting standards and tested the operating effectiveness of controls over the application of the policy to expenditure incurred on projects within the Group's capital plan during the year;</li> <li data-bbox="882 1182 1276 1451">• assessed the nature of costs incurred in capital projects through testing of amounts recorded and the related third party invoices and contracts, and considered whether the expenditure met the criteria for capitalization under relevant accounting standards; and</li> <li data-bbox="882 1476 1276 1585">• examined the title documents, including title deed, to assess whether the title documents are in the name of the Group.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

*Taseer Hadi*



## KPMG Taseer Hadi & Co.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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**KPMG Taseer Hadl & Co.**

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**KPMG Taseer Hadi & Co.**

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Aryn Malik.

**Date: 1 October 2018**

**Karachi**

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



## Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018	30 June 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,879,663,053	782,307,297
Intangible assets	5	2,248,940	2,088,635
Long term investments	6	399,117,546	639,025,429
Long term loans and receivables	9	18,257,596	27,386,282
Employee benefits - gratuity	21.2	5,317,208	-
		<b>2,304,604,343</b>	<b>1,450,807,643</b>
<b>Current assets</b>			
Stores and spares	25.2	44,933,529	54,094,440
Stock-in-trade	7	1,662,758,743	1,181,967,494
Trade debts - net	8	350,809,641	223,972,326
Loans and advances	10	155,422,463	92,413,727
Deposits, prepayments and other receivables	11	247,070,821	191,474,809
Current maturity of long term receivables	9	47,104,408	33,547,375
Taxation - net	12	165,957,057	175,784,003
Investments	13	74,292,038	107,436,273
Cash and bank balances	14	535,897,253	343,121,346
		<b>3,284,245,953</b>	<b>2,403,811,793</b>
<b>Total assets</b>		<b>5,588,850,296</b>	<b>3,854,619,436</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>			
200,000,000 (30 June 2017: 200,000,000) ordinary shares of Rs.10 each	17	2,000,000,000	2,000,000,000
<b>Share capital</b>			
Issued, subscribed and paid up capital	17	1,512,500,000	1,375,000,000
Share premium		1,095,352,578	1,095,352,578
<b>Capital reserve</b>			
Unrealised gain on re-measurement of available-for-sale investments		13,240,378	33,726,169
<b>Revenue reserve</b>			
Unappropriated profit		696,944,970	898,499,945
Equity attributable to owners of the Company		<b>3,318,037,926</b>	<b>3,402,578,692</b>
Non controlling Interests	18	333,304,662	-
Total equity		<b>3,651,342,588</b>	<b>3,402,578,692</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	19	5,014,204	8,935,018
Deferred tax liabilities	20	91,325,057	85,589,139
Employee benefits - gratuity	21.2	-	287,395
		<b>96,339,261</b>	<b>94,811,552</b>
<b>Current liabilities</b>			
Current maturity of liabilities against assets subject to finance lease	19	14,049,148	13,258,088
Short term financing	22	1,439,632,009	28,395,236
Trade and other payables	23	364,664,760	313,567,792
Unclaimed dividend		3,574,008	1,420,509
Accrued mark-up on short term financing		19,248,522	587,567
		<b>1,841,168,447</b>	<b>357,229,192</b>
<b>Total equity and liabilities</b>		<b>5,588,850,296</b>	<b>3,854,619,436</b>

### CONTINGENCIES AND COMMITMENTS

15

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

  
Chief Financial Officer

  
Chief Executive

  
Director



## Consolidated Statement of Profit Or Loss

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
		(Rupees)	
Revenue	24	4,889,663,855	4,405,126,503
Cost of sales	25	(4,369,075,348)	(3,857,544,318)
<b>Gross profit</b>		<b>520,588,507</b>	547,582,185
Administrative, selling and general expenses	26	(227,024,830)	(185,265,945)
		<b>293,563,677</b>	362,316,240
Other expenses	27	(36,322,302)	(28,532,034)
Other income	28	83,668,622	63,192,051
		<b>47,346,320</b>	34,660,017
<b>Operating profit</b>		<b>340,909,997</b>	396,976,257
Finance costs	29	(90,961,193)	(45,751,375)
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - at initial recognition	13.1	(7,534,489)	13,477,480
Share of profit in associate - net	6.1.1	2,679,323	13,029,143
<b>Profit before taxation</b>		<b>245,093,638</b>	377,731,505
Taxation	30	(83,536,858)	(71,304,206)
<b>Profit for the year</b>		<b>161,556,780</b>	306,427,299
<b>Profit attributable to:</b>			
Owners of the Company		154,911,054	306,427,299
Non-controlling interests	18	6,645,726	-
		<b>161,556,780</b>	306,427,299
<b>Earnings per share - basic and diluted</b>	31	<b>1.02</b>	(Restated) 2.31

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



Chief Financial Officer



Chief Executive



Director



## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
		(Rupees)	
Profit for the year		161,556,780	306,427,299
<b>Other comprehensive income:</b>			
Items that are or may be reclassified subsequently to profit or loss			
Unrealised (loss) / gain on re-measurement of available-for-sale investments	13.2.1	(20,485,791)	9,920,314
Items that will not be reclassified to profit or loss			
Loss on re-measurement of defined benefit liability	21.2.4	(11,613,554)	(3,548,495)
Related tax	20.2	3,367,931	1,064,549
		(8,245,623)	(2,483,946)
Share of loss in associate's defined benefit liability recognized in other comprehensive income	6.1.1	(2,051,470)	-
<b>Total comprehensive income for the year</b>		<b>130,773,896</b>	<b>313,863,667</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		124,128,170	313,863,667
Non-controlling interests	18	6,645,726	-
		<b>130,773,896</b>	<b>313,863,667</b>

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

Chief Financial Officer

Chief Executive

Director

# Consolidated Statement of Changes in Equity

## For the year ended 30 June 2018

Note	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Revenue reserve				
	Issued, subscribed and paid up capital	Share premium	Unrealised gain / (loss) on re-measurement of available-for-sale investments	Unappropriated profit			
----- (Rupees) -----							
Balance at 1 July 2016	750,000,000	-	23,805,855	844,556,592	1,618,362,447	-	1,618,362,447
<b>Total comprehensive income for the year ended 30 June 2017</b>							
Profit for the year	-	-	-	306,427,299	306,427,299	-	306,427,299
Other comprehensive income	-	-	9,920,314	(2,483,946)	7,436,368	-	7,436,368
	-	-	9,920,314	303,943,353	313,863,667	-	313,863,667
<b>Transactions with owners of the Company</b>							
Contributions and distributions							
Issue of 50,000,000 ordinary shares at the rate of Rs. 34 per share	500,000,000	1,200,000,000	-	-	1,700,000,000	-	1,700,000,000
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2016	-	-	-	(125,000,000)	(125,000,000)	-	(125,000,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	125,000,000	-	-	(125,000,000)	-	-	-
<b>Total contributions and distributions</b>	625,000,000	1,200,000,000	-	(250,000,000)	1,575,000,000	-	1,575,000,000
Preliminary expenses written off during the year	-	(104,647,422)	-	-	(104,647,422)	-	(104,647,422)
<b>Balance at 30 June 2017</b>	1,375,000,000	1,095,352,578	33,726,169	898,499,945	3,402,578,692	-	3,402,578,692
<b>Total comprehensive income for the year ended 30 June 2018</b>							
Profit for the year	-	-	-	154,911,054	154,911,054	6,645,726	161,556,780
Other comprehensive income	-	-	(20,485,791)	(10,297,093)	(30,782,884)	-	(30,782,884)
	-	-	(20,485,791)	144,613,961	124,128,170	6,645,726	130,773,896
<b>Transactions with owners of the Company</b>							
Contributions and distributions							
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2017	-	-	-	(137,500,000)	(137,500,000)	-	(137,500,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	137,500,000	-	-	(137,500,000)	-	-	-
	137,500,000	-	-	(275,000,000)	(137,500,000)	-	(137,500,000)
Changes in ownership interests							
Acquisition by Non controlling interests	-	-	-	(71,168,936)	(71,168,936)	326,658,936	255,490,000
	-	-	-	(71,168,936)	(71,168,936)	326,658,936	255,490,000
<b>Balance at 30 June 2018</b>	1,512,500,000	1,095,352,578	13,240,378	696,944,970	3,318,037,926	333,304,662	3,651,342,588

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



Chief Financial Officer



Chief Executive



Director



## Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
<b>(Rupees)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		245,093,638	377,731,505
<b>Adjustments for non-cash income and expenses:</b>			
Depreciation of property, plant and equipment	4.1	104,143,466	94,094,977
Amortization of intangible assets	5	968,122	441,961
Allowance for inventory obsolescence	7.1	3,265,920	1,623,406
Finance costs	29	46,049,217	35,642,127
Finance lease charges	29	1,041,475	2,090,311
Provision for gratuity	21.2.3	1,718,497	1,588,046
Gain on disposal of property, plant and equipment	28	(25,447,982)	(24,300,942)
Share of profit in associate - net of tax	6.1.1	(2,679,323)	(13,029,143)
Capital loss / (gain) on sale of investments	27	16,485,608	(76,404)
Mark-up income on investments	28	(35,772,187)	(30,321,966)
Dividend income	28	(2,405,899)	(2,469,712)
Un-winding of mark-up on long term receivables	28	(3,514,240)	(1,105,361)
Mark-up income on loan to employees	28	(2,010,578)	(1,819,246)
Mark-up income from Participation Term Certificates	28	(12,655,665)	(12,454,200)
Unrealized (gain) / loss on re-measurement of investment classified as 'at fair value through profit or loss' - at initial recognition	13.1	7,534,489	(13,477,480)
		<b>341,814,558</b>	<b>414,157,879</b>
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		9,160,911	15,443,381
Stock-in-trade		(484,057,169)	(76,526,578)
Trade debts - net		(126,837,315)	(10,083,659)
Loans and advances		(63,008,736)	57,636,444
Deposits, prepayments and other receivables		(56,510,119)	(11,669,794)
		<b>(721,252,428)</b>	<b>(25,200,206)</b>
<b>Increase in current liabilities</b>			
Trade and other payables		49,791,988	158,206,805
<b>Cash generated from operations</b>		<b>(329,645,882)</b>	<b>547,164,478</b>
Mark-up paid		(26,083,282)	(51,381,946)
Gratuity paid		(18,936,654)	-
Mark-up received from loan to employees		2,010,578	1,819,246
Income taxes paid - net		(64,606,063)	(86,044,005)
<b>Net cash (used in) / generated from operating activities</b>		<b>(437,261,303)</b>	<b>411,557,773</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(1,197,814,087)	(289,649,376)
Payments for acquisition of intangible assets		(1,128,427)	(1,782,602)
Payments for acquisition of investments		(56,414,564)	(253,569,974)
Proceeds from disposal of investment		285,588,647	1,165,128
Mark-up received on investments and bank deposits		35,772,187	30,321,966
Mark-up received from Participation Term Certificates		12,655,665	12,454,200
Dividend received		2,405,899	2,469,712
Dividend received from associate		-	7,620,680
Proceeds from disposal of property and equipment		40,443,257	11,309,876
<b>Net cash used in investing activities</b>		<b>(878,491,423)</b>	<b>(479,660,390)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments against finance lease obligation		(22,851,639)	(24,848,224)
Consideration received from Non controlling interest	18	255,490,000	-
Proceeds from issuance of ordinary shares		-	1,700,000,000
Preliminary expenses	16	-	(104,647,422)
Dividend paid		(135,346,501)	(123,579,491)
<b>Net cash generated from financing activities</b>		<b>97,291,860</b>	<b>1,446,924,863</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,218,460,866)</b>	<b>1,378,822,246</b>
Cash and cash equivalents at beginning of the year		314,726,110	(1,064,096,136)
<b>Cash and cash equivalents at end of the year</b>	33	<b>(903,734,756)</b>	<b>314,726,110</b>

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



Chief Financial Officer



Chief Executive



Director

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

## 1. CORPORATE AND GENERAL INFORMATION

### 1.1 Legal status and operations

The Group consists of Loads Limited (the Parent Company), Specialized Autoparts Industries (Private) Limited (SAIL), Multiple Autoparts Industries (Private) Limited (MAIL), Specialized Motorcycles (Private) Limited (SMPL) and Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited).

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

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

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

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

There are four subsidiaries and one associate (Treet Corporation Limited) in the Group. The details are as follows:

Name of the Company	Incorporation date	Effective Holding %		Principle line of business
		30 June 2018	30 June 2017	
<b>Subsidiaries</b>				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	100%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	100%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcy cles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited)	13 January 2017	80%	100%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
<b>Associate</b>				
Treet Corporation Limited	22 January 1977	5.42%	5.46%	Manufacture and sale of razors, razorblades and other trading activities

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



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 1.2 Summary of significant events and transactions in the current reporting period

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Bonus shares were issued at the rate of 10% (i.e. 10 shares for every 100 shares held) (Refer note 17.4).
- Arranged short-term running finance facilities from different banks with the sanctioned limit of Rs. 1,640 million (Refer note 22).
- Capital expenditure incurred for the purchase of second hand plants for the manufacturing and painting of Alloy wheels (refer to note 4.2.2);
- Dilution of ownership in subsidiaries, by not subscribing to the right shares issued by subsidiaries.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, few additional disclosures are included in the notes 1.1, 1.2, 4.1, 15.1.1, 17.5, 25.4, 26.2, 26.3, 30.6, 32 and 40.

1.3 The operations of the subsidiary company, SMPL have ceased and transferred to Parent Company from 1 July 2015. Accordingly, the financial statements of SMPL were not prepared on going concern basis. Therefore, all assets and liabilities of SMPL have been classified as current and assets are measured at lower of their carrying amounts and fair value less cost to sell.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

2.1.1 "These 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 comprises of:

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

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

2.1.2 The Companies Act, 2017, was enacted on May 30, 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 23 of 2017 dated 4 October, 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before June 30, 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after December 31, 2017.

### 2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for investments classified as "investment at fair value through profit or loss" and "available for sale" which are stated at fair value and provision for staff gratuity which is stated at present value.

### 2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Group's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

# Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

## 2.4 Key judgments and estimates

The preparation of consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following accounting estimates and judgments which are significant to the consolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property, plant and equipment (notes 3.2 and 4);
- Intangible assets (notes 3.3 and 5);
- Provision for impairment of stock-in-trade and stores and spares (notes 3.7, 3.8 and 7);
- Taxation (notes 3.13, 12 and 30);
- Provision for impairment of financial and non-financial assets (note 3.6.5);
- Employees' benefits and compensated absences (notes 3.4 and 21);
- Classification and valuation of financial instruments (note 3.6);
- Contingencies (note 15); and
- Investment in associate (note 6.1.2)

## 2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's financial statements.
- Transfers of Investment Property [(Amendments to IAS 40 'Investment Property' (effective for annual periods beginning on or after 1 January 2018)] clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:



# Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Group's financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 3.1 Basis of consolidation

#### 3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the subsidiaries have been consolidated on a line-by-line basis and all intra-group balances and transactions have been eliminated.

#### 3.1.2 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### 3.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### 3.1.4 Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.2 Property, plant and equipment

##### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

##### Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss account as incurred.

##### Depreciation

Depreciation charge is based on the reducing balance method at the rates specified in note 4.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

##### Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss account.

##### Assets subject to finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy for property, plant and equipment. The finance cost is charged to profit or loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

#### 3.3 Intangible assets

Intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

##### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 5 and is recognised in profit or loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

### 3.4 Staff retirement and other service benefits

#### Defined benefit scheme - Gratuity

The Group operates funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Parent Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

#### Compensated absences

The Group recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

#### Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Group and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

### 3.5 Trade and other payables

Trade payable and other liabilities are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

### 3.6 Financial instruments

The Group classifies its financial assets into financial assets at 'fair value through profit or loss', 'available for sale', 'held-to-maturity' and 'loans and receivables'.



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

The Group classifies its financial liabilities into the other financial liabilities category.

#### 3.6.1 Financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### 3.6.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

#### 3.6.3 Financial assets - measurement

##### a) Financial assets at fair value through profit or loss

A financial asset is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial assets are designated as 'at fair value through profit or loss' if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in profit or loss account.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

##### b) Available for sale

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

##### c) Held-to-maturity

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

##### d) Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 3.6.4 Financial liabilities - measurement

All financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

### 3.6.5 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit and loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit and loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit and loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss are not reversed subsequently in the profit and loss.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 3.7 Stores, spares and consumables

These are measured at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

#### 3.8 Stock-in-trade

Stock in trade is measured at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

#### 3.9 Trade debts, loans, advances, deposits and other receivables

These are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Loans, advances and other receivables considered irrecoverable are written off.

#### 3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Group, which are repayable on demand form an integral part of the Group's cash management and are included as part of cash and cash equivalents for the purpose of the consolidated cash flow statement.

#### 3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupee (Rs. / Rupees) at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

#### 3.12 Revenue recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.
- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.
- Mark-up on bank deposit and debt securities are recognised on time apportioned basis using effective interest rate method.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in profit and loss account in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.

### 3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

#### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

#### Deferred tax

Deferred tax is recognised using balance sheet method, in respect of 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 realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Group recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.14 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

### 3.15 Dividend distribution and appropriation to reserves

Dividend distribution to the shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 22.

### 3.16 Segment accounting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Chief Executive Officer reviews the Group as a single entity, therefore there are no segments.

### 3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 3.18 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

#### 4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2018	30 June 2017
(Rupees)			
Operating property, plant and equipment	4.1	782,741,778	672,497,844
Capital work-in-progress	4.2	1,096,921,275	109,809,453
		<b>1,879,663,053</b>	<b>782,307,297</b>

#### 4.1 Operating property, plant and equipment

	30 June 2018											
	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2018
	As at 01 July 2017	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2018		As at 01 July 2017	For the year	Transfer from leased assets	(Disposals)	As at 30 June 2018	
(Rupees)					%	(Rupees)						
<b>Owned</b>												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 4.1.2)	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	217,463,451	18,204,716	-	-	235,668,167	5	69,835,099	8,024,329	-	-	77,859,428	157,808,739
Plant and machinery (note 4.1.5)	579,782,299	141,151,152	-	-	720,933,451	10 - 20	265,988,516	40,021,091	-	-	306,009,607	414,923,844
Tools and equipment	248,207,331	38,954,328	-	(16,408,577)	270,753,082	10 - 35	150,649,527	39,216,031	-	(5,166,850)	184,698,708	86,054,374
Furniture, fittings and office equipment	46,698,606	7,803,069	-	-	54,501,675	10 - 30	28,684,453	4,800,816	-	-	33,485,269	21,016,406
Vehicles	16,274,797	4,589,000	16,404,350	(8,093,691)	29,174,456	20	11,087,826	1,473,347	(5,581,202)	(4,340,143)	2,639,828	26,534,628
<b>Leased</b>												
Vehicles	77,807,915	18,680,410	(16,404,350)	-	80,083,975	20	32,274,449	10,607,852	5,581,202	-	48,463,503	31,620,472
	<b>1,231,017,714</b>	<b>229,382,675</b>	<b>-</b>	<b>(24,502,268)</b>	<b>1,435,898,121</b>		<b>558,519,870</b>	<b>104,143,466</b>	<b>-</b>	<b>(9,506,993)</b>	<b>653,156,343</b>	<b>782,741,778</b>
	30 June 2017											
<b>Owned</b>												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 4.1.2)	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	178,615,386	38,848,065	-	-	217,463,451	5	63,350,262	6,484,837	-	-	69,835,099	147,628,352
Plant and machinery (note 4.1.5)	470,904,398	109,927,901	-	(1,050,000)	579,782,299	10 - 20	236,417,517	30,386,650	-	(815,651)	265,988,516	313,793,783
Tools and equipment	197,906,556	102,039,175	-	(51,738,400)	248,207,331	10 - 35	115,794,385	41,463,551	-	(6,608,409)	150,649,527	97,557,804
Furniture, fittings and office equipment	42,650,825	4,047,781	-	-	46,698,606	10 - 30	24,167,937	4,516,516	-	-	28,684,453	18,014,153
Vehicles	17,463,139	619,658	-	(1,808,000)	16,274,797	20	10,918,732	1,208,084	-	(1,038,990)	11,087,826	5,186,971
<b>Leased</b>												
Vehicles	67,702,667	10,105,248	-	-	77,807,915	20	22,239,110	10,035,339	-	-	32,274,449	45,533,466
	<b>1,020,026,286</b>	<b>265,587,828</b>	<b>-</b>	<b>(54,596,400)</b>	<b>1,231,017,714</b>		<b>472,887,943</b>	<b>94,094,977</b>	<b>-</b>	<b>(8,463,050)</b>	<b>558,519,870</b>	<b>672,497,844</b>

**4.1.1** Freehold land represents a plot in Lahore measuring 23 Kanals 18 Marlas and held by the Parent Company for the expansion of business in future. Currently, this plot of land is not being used.

**4.1.2** This represents land owned by the Parent Company and the subsidiaries (SAIL and MAIL). The total area of land owned by the Loads Limited, SAIL and MAIL is 8,888.88 square yards, 20,400 sq. meters (5 acres) and 56,880 square meters respectively. The details of the location are disclosed in note 1.1.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

- 4.1.3** Finance lease liability in respect of assets held under finance lease is secured by 20% of lease facility amount as down payment / security deposit. Vehicles are registered in the name of the lessor (Bank Al Habib Limited) (note 19).
- 4.1.4** Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 300 million (30 June 2017: 300 million) obtained from JS Bank Limited (note 22). This charge existed at 30 June 2018.
- 4.1.5** Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 100 million (30 June 2017: Rs. 534 million and Rs. 100 million) respectively. These charges are against different financing facilities obtained from various banks (note 22) and existed at 30 June 2018.
- 4.1.6** There are no fully depreciated assets at the reporting date as the Group is following reducing balance method.
- 4.1.7** Depreciation has been allocated as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Cost of sales	25	95,900,659	86,324,886
Administrative, selling and general expenses	26	8,242,807	7,770,091
		<b>104,143,466</b>	<b>94,094,977</b>

### 4.1.8 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

Asset	30 June 2018					Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
	Cost	Accumulated depreciation (Rupees)	Net book value	Sale proceeds	Gain on disposal			
Owned								
Tools and equipment								
Dies (refer note 9)	16,408,577	5,166,850	11,241,727	35,765,768	24,524,041	Pak Suzuki - Karachi	Negotiation	Customer
Vehicles								
Faw Truck Ks-4353	767,241	532,383	234,858	560,000	325,142	M. Arif	Negotiation	Outsider Customer
Mehran Vxr Atm-619	514,000	415,010	98,990	307,000	208,010	Muhammad Yasin - Karachi	Negotiation	Employee
Mehran Vxr Ayc-357	567,350	379,698	187,652	187,652	-	Khalid Aziz	Group Policy	Employee
Mehran Vxr Ayc-360	567,350	379,698	187,652	187,652	-	Javed Ansari	Group Policy	Employee
Mehran Vxr Ayc-361	567,350	379,698	187,652	187,652	-	Shahid Ahmed Siddiqui	Group Policy	Employee
Mehran Vxr Ayc-364	567,350	379,698	187,652	187,652	-	Khalil Farooqi	Group Policy	Employee
Mehran Vxr Ayc-365	567,350	379,698	187,652	187,652	-	Muhammed Asif	Group Policy	Employee
Mehran Vxr Ayc-368	567,350	379,698	187,652	187,652	-	Shehzad Qadir	Group Policy	Employee
Mehran Vxr Ayc-369	567,350	379,698	187,652	187,652	-	Rafia Yousuf	Group Policy	Employee
Swift Bdm-961	1,466,000	620,281	845,719	1,213,000	367,281	Javed Hashim	Negotiation	Outsider Customer
Swift Bkm-576	1,375,000	114,583	1,260,417	1,283,925	23,508	IGI - Insurance	Insurance claim	Insurance Compar
	<b>24,502,268</b>	<b>9,506,993</b>	<b>14,995,275</b>	<b>40,443,257</b>	<b>25,447,982</b>			

### 4.2 Capital work-in-progress

	Note	30 June 2018	30 June 2017
		(Rupees)	
Tools and equipment		21,795,297	29,626,370
Building and construction work		3,117,963	1,281,545
Advances against:			
- plant	4.2.2	898,327,947	75,600,000
- land	4.2.3	151,275,600	-
- vehicle		4,916,150	-
- building on leasehold land		17,488,318	1,651,116
- other capital expenditure		-	1,650,422
	4.2.1	<b>1,096,921,275</b>	<b>109,809,453</b>

### 4.2.1 Movement in capital work-in-progress is as follows:

Balance at beginning of the year	109,809,453	75,642,657
Additions during the year	1,038,375,120	115,226,854
Transferred to operating property, plant and equipment	(51,263,298)	(81,060,058)
Balance at end of the year	<b>1,096,921,275</b>	<b>109,809,453</b>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

**4.2.2** This includes advance of Rs. 485.236 million and Rs. 364.613 million in respect of a plant for manufacturing of alloy wheels and a plant for painting of alloy wheels, respectively, imported in the current year. Details are as follows:

**4.2.2.1** HAWL entered into an agreement on 11 December 2017 to purchase an old and used alloy wheels manufacturing plant along with available related spare parts, two aftermarket dies and manuals for operation and maintenance of equipment ("the Plant") from Arrowcrest Group Pty Ltd trading as "ROH Automotive" and Toyota Motor Corporation Australia Limited (jointly referred as "the Seller") at a price of AUD 4.3125 million (excluding dismantling cost). The seller engaged Grays (Aust) Holdings Pty Ltd ("the Selling Agent") for the sale of the plant. Based on the inspection carried out by the management of the HAWL on 29 August 2017 at ROH Automotive's site, the Plant was purchased on "As is, where is" and "as inspected" basis. Further, HAWL contracted with Samaras Structural Engineers for dismantling, packaging, loading and removal of the plant from ROH Automotive site and Seaway Logistics for forwarding and shipping the plant to Karachi Port, Pakistan. The terms of the agreement state that the title of the plant will transfer to HAWL after receipt of the purchase amount by the Selling Agent.

Following is the payment schedule as per the aforementioned agreement between the HAWL and the Seller:

Particulars	Contingent upon	Payable after	Amount in AUD
Down payment - 30% of the total purchase amount	Letter of credit which will be opened on or before 5 days after the signing of the purchase agreement.	11 December 2017	1,293,750
Second payment - 40% of the total purchase amount	Payable upon commencement of the dismantling of the plant from ROH Automotive site.	9 January 2018	1,725,000
Final payment - 30% of the total purchase amount	Payable before the last group of container will leave from ROH Automotive site.	Not applicable	1,293,750
<b>Total</b>			<b>4,312,500</b>

Subsequent to the year end, a proforma invoice was received dated 5 July 2018 amounting to AUD 5.588 million which in addition to the purchase price of the plant includes the dismantling cost and commission of the selling agent. The unpaid amount has been disclosed as commitments in note 15.2.4.

**4.2.2.2** HAWL entered into an agreement on 2 March 2018 to purchase a new and unused painting plant having such specifications, make, model, criteria, features and accessories in respect of alloy wheel manufacturing plant ("the Plant") from Shinwoo Costec Ltd (the "Seller") at a price of USD 10.5 million (excluding sea freight which will be borne equally by the HAWL and the Seller). HAWL along with the seller involved EBC Korea Co., Ltd ("the Selling Agent") as an intermediary for payments and purchasing the Plant from the Seller and shipping it to the HAWL. The seller has agreed to provide the assembly, commissioning, testing and handover of complete plant, in fully operational condition covering end-to-end of alloy wheel manufacturing.

## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

Following is the payment schedule as per the aforementioned agreement between the HAWL and the Seller:

Particulars	Contingent upon	Amount in USD
First payment	Opening of letter of credit	3,150,000
Second payment	Sight payment upon shipment	5,250,000
Third payment	Upon successful commissioning through deferred payment	525,000
Fourth payment	Retention money payable after one year of commissioning through deferred payment	375,000
Fifth payment	After two years of successful commissioning through deferred payment	600,000
<b>Final payment</b>	After three years of successful commissioning through deferred payment	<b>600,000</b>
<b>Total</b>		<b>10,500,000</b>

The unpaid amount has been disclosed as commitments in note 15.2.4.

- 4.2.3** This represents advance paid to “National Industrial Parks Development and Management Company” against purchase of 12 acres plot for HAWL at Bin Qasim Industrial Park (‘the Industrial Park’). The Industrial Park is included in the list of Special Economic Zones. As per the Special Economic Zones Act, 2012 the Group will be entitled to one time exemption from custom-duties and taxes on import of plant and machinery for installation in the zone subject to verification by the Board of Investment (BOI) and exemption from all taxes on income for ten years if Commercial Production (CP) commences by 30 June 2020 and five years tax exemption if CP commences after 30 June 2020. The total price of the plot is Rs. 216.108 million. Possession of the allotted plot shall be handed over through a license agreement. The details of commitment in respect of guarantee is disclosed in note 15.2.1.

## 5. INTANGIBLE ASSETS

	June 30 2018									
	Cost				Useful life (Years)	Amortization				Net book value as at 30 June 2018
	As at 1 July 2017	Addition	(Disposals)	As at 30 June 2018		As at 1 July 2017	For the year	(Disposals)	As at 30 June 2018	
(Rupees)				(Rupees)						
Computer software and licenses	16,400,337	1,128,427	-	17,528,764	3	14,311,702	968,122	-	15,279,824	2,248,940
	30 June 2017									
	Cost				Useful life (Years)	Amortization				Net book value as at 30 June 2017
	As at 1 July 2016	Addition	(Disposals)	As at 30 June 2017		As at 1 July 2016	For the year	(Disposals)	As at 30 June 2017	
	(Rupees)				(Rupees)					
Computer software and licenses	14,617,735	1,782,602	-	16,400,337	3	13,869,741	441,961	-	14,311,702	2,088,635

- 5.1** The cost fully amortised intangible amounts to Rs. 12.185 million (30 June 2017: Rs. 12.185 million).

- 5.2** Computer software relate to the SAP business license.



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 6. LONG TERM INVESTMENTS

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>Investment in associate - listed</b>			
Treet Corporation Limited	6.1	399,117,546	390,907,283
<b>Held to maturity</b>			
Investment in Pakistan Investment Bonds	6.2	-	248,118,146
		<u>399,117,546</u>	<u>639,025,429</u>

#### 6.1 Interests in equity-accounted investees

The following associate, over which the Parent Company has significant influence due to common directorship, is accounted for using equity method of accounting as defined in IAS-28 "Investment in Associates".

30 June 2018	30 June 2017		30 June 2018	30 June 2017
(Number of shares)		Quoted	(Rupees)	
		Treet Corporation Limited		
		(Chief Executive Officer - Syed Shahid Ali)		
<u>8,613,233</u>	<u>7,748,885</u>	6.1.1 & 6.1.3	<u>399,117,546</u>	<u>390,907,283</u>

The above figures are based on un-audited condensed interim financial information of Treet Corporation Limited for the nine months period ended 31 March 2018 and audited financial statements for the year ended 30 June 2017.

#### 6.1.1 Movement

	Note	30 June 2018	30 June 2017
		(Rupees)	
Balance at beginning of the year		390,907,283	377,916,410
Conversion from participation term certificate into ordinary shares	6.1.1.1	7,582,410	7,582,410
Share of profit for the period - net		2,679,323	13,029,143
Share of other comprehensive income for the period			
- re-measurement of defined benefit liability		(2,051,470)	-
Less: dividend received during the year		-	(7,620,680)
		<u>399,117,546</u>	<u>390,907,283</u>
		<u>5.42%</u>	<u>5.46%</u>

6.1.1.1 In the current year, 128,205 shares (30 June 2017: 128,205) amounting to Rs. 7.58 million (30 June 2017: Rs. 7.58 million) were converted and issued to the Group at the rate of Rs. 59.14 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (refer note 13.1.4).

6.1.2 Market value of investment in associate is as follows:

	30 June 2018	30 June 2017
		(Rupees)
Quoted		
Treet Corporation Limited	<u>294,486,436</u>	<u>440,756,579</u>

The recoverable amount of investment in associate was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying value was determined to be lower than its recoverable amount and therefore no impairment loss was recognized in these consolidated financial statements. The key assumptions used in the estimation of value in use includes discount rate of 12.5% and growth rate of 10%.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

- 6.1.3** This includes 8,344,644 shares (30 June 2017: 7,620,680 shares) having an aggregate market value of Rs. 285.303 million (30 June 2017: Rs. 433.464 million), which have been kept in broker's sub-account which is in the name of the Parent Company. All other shares are kept in the Central Depository Company (CDC) account of the Parent Company.
- 6.1.4** Treet Corporation Limited is considered associate by virtue of common directorship i.e. (5 directors are common out of 8 directors). The Group has direct share holding in associate of 5.38% (30 June 2017: 5.45%) and effective share holding (due to cross holding) of 5.42% (30 June 2017: 5.48%).
- 6.1.5** Summarised financial information based on the unaudited financial information of Treet Corporation Limited for the nine months period ended 31 March 2018 is as follows:

	<b>31 March 2018</b>
Direct holding	<u>5.38%</u>
Effective holding	<u>5.42%</u>
	<b>(Rupees)</b>
Non-current assets	<b>13,411,870,000</b>
Current assets	<b>6,114,314,000</b>
Non-Current liabilities	<b>(2,085,586,000)</b>
Current liabilities	<b>(9,414,069,000)</b>
Net assets (100%)	<u><b>8,026,529,000</b></u>
<b>Group share of net assets (5.38%)</b>	<b>435,037,872</b>
Eliminations	-
Negative goodwill *	<b>(35,920,326)</b>
Carrying amount of interest in associate	<u><b>399,117,546</b></u>

\* Negative goodwill has not been recognized in the statement of profit or loss as the difference between the recoverable amount and the carrying amount of the investment is not significant (refer note 6.1.2).

Financial highlights of Treet Corporation Limited:	<b>1 April 2017 to 30 June 2017 (three months)</b>	<b>1 July 2017 to 31 March 2018 (nine months)</b>	<b>Total *</b>
	----- (Rupees) -----		
Revenue	<u>2,163,481,000</u>	<u>6,777,690,000</u>	<u><b>8,941,171,000</b></u>
Profit after tax (100%)	(10,921,000)	60,355,000	<b>49,434,000</b>
Other comprehensive income (100%)	(37,850,000)	-	<b>(37,850,000)</b>
Total comprehensive income (100%)	<u>(48,771,000)</u>	<u>60,355,000</u>	<u><b>11,584,000</b></u>
Profit after tax (5.38%)	(591,918)	3,271,241	<b>2,679,323</b>
Other comprehensive income (5.38%)	(2,051,470)	-	<b>(2,051,470)</b>
Group's share of total comprehensive income	<u>(2,643,388)</u>	<u>3,271,241</u>	<u><b>627,853</b></u>

\* As the financial statements of associate are not available therefore, consistent with prior year, last available financial statements as at 31 March 2018 have been used.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 6.2 Investment in Pakistan Investment Bonds - held to maturity

Issue date	Rate	Tenor	Maturity	Face value			As at 30 June 2018	Amortized cost as at 30 June 2018
				As at 1 July 2017	Purchased during the	Matured / sold during the		
----- (Rupees) -----								
29 December 2016	7.75%	5 Years	29 December 2021	100,000,000	-	(100,000,000)	-	-
21 April 2016	8.75%	10 Years	21 April 2026	130,000,000	50,000,000	(180,000,000)	-	-
				<u>230,000,000</u>	<u>50,000,000</u>	<u>(280,000,000)</u>	<u>-</u>	<u>-</u>

### 6.2.1 Details of PIBs sold during the year are as follows:

Issue date	Tenor	Maturity	Date of sale	30 June 2018		
				Carrying value	Sale proceeds	(Loss) on sale
----- (Rupees) -----						
29 December 2016	5 Years	29 December 2021	29 March 2018	106,990,644	99,027,832	(7,962,812)
21 April 2016	10 Years	21 April 2026	4 December 2017	195,083,611	186,560,815	(8,522,796)
				<u>302,074,255</u>	<u>285,588,647</u>	<u>(16,485,608)</u>

## 7. STOCK-IN-TRADE

	Note	30 June 2018	30 June 2017
(Rupees)			
Raw material and components	7.2 & 7.4	1,466,986,223	933,433,474
Work-in-process		150,978,815	140,014,359
Finished goods	7.3	49,683,031	110,143,067
		<u>1,667,648,069</u>	<u>1,183,590,900</u>
Allowance for inventory obsolescence	7.1	(4,889,326)	(1,623,406)
		<u>1,662,758,743</u>	<u>1,181,967,494</u>

### 7.1 Allowance for inventory obsolescence

Opening balance		1,623,406	-
Charge for the year	25	3,265,920	1,623,406
Closing balance		<u>4,889,326</u>	<u>1,623,406</u>

**7.2** This includes raw material in transit and in possession of Group's subsidiaries as at 30 June 2018 amounting to Rs. 314.159 million (30 June 2017: Rs. 216.58 million) and Rs. 412 million (30 June 2017: Rs. 328 million) respectively.

**7.3** This includes finished goods in possession of the subsidiaries as at 30 June 2018 amounting to Rs. 28 million (30 June 2017: Rs. 36.12 million).

**7.4** Raw material held with toll manufacturers as at 30 June 2018 amounted to Rs. 51 million (30 June 2017: Rs. 108 million).

**7.5** Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 200 million (30 June 2017: Rs. 534 million and Rs. 234 million) respectively. These charges are against different financing facilities obtained from various banks (note 22).

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 8. TRADE DEBTS - net

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>Unsecured</b>			
Considered good		350,809,641	223,972,326
Considered doubtful		-	-
	8.1	<u>350,809,641</u>	<u>223,972,326</u>

8.1 For ageing of trade debts, refer note 34.2.

### 9 LONG TERM LOANS AND RECEIVABLES

Long term portion of receivable against sale of assets	9.1	14,042,531	26,682,402
Long term portion of loan to employees	10.2	4,215,065	703,880
		<u>18,257,596</u>	<u>27,386,282</u>
<b>9.1 Opening balance</b>		60,229,777	-
Proceeds of assets sold to customer during the year	4.1.8	35,765,768	68,270,192
Interest accrued during the year	9.1.2 & 28	3,514,240	1,105,361
Less: Installments received during the year		(38,362,846)	(9,145,776)
	9.1.1	61,146,939	60,229,777
Less: Current portion		(47,104,408)	(33,547,375)
Long term portion of receivables		<u>14,042,531</u>	<u>26,682,402</u>

9.1.1 This represents receivable against sale of assets to a customer. The amount will be recovered over a period of two years.

9.1.2 This represents discounting at the rate ranging from 6.8% to 7.5% (30 June 2017: 6.8%).

### 10. LOANS AND ADVANCES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Advance to suppliers	10.1	136,250,453	77,493,372
Loans to employees - considered good and unsecured	10.2	4,845,964	4,453,714
Loans to workers - considered good and unsecured	10.3	11,347,621	7,387,375
Advance salary		2,978,425	3,079,266
		<u>155,422,463</u>	<u>92,413,727</u>

10.1 This includes advance amounting to Rs. 105.47 million (30 June 2017: Rs. 40.43 million) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

10.2 Loans to employees - considered good and unsecured

Loans to employees	10.2.1	9,061,029	5,157,594
Less: Long term portion		(4,215,065)	(703,880)
Current portion of loans to employees		<u>4,845,964</u>	<u>4,453,714</u>

10.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 10% (30 June 2017: 7% to 10%) per annum.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

**10.3** This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 7% (30 June 2017: 10%) per annum.

### 11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Unclaimed input sales tax	11.1	201,948,797	165,682,070
Trade and other deposits		13,677,763	13,985,675
Prepayments - provident fund	11.2	8,701,174	5,524,464
Prepayments		16,058,501	3,121,097
Receivable from employees		270,128	-
Accrued mark-up on saving account		2,073,717	-
Other receivables		4,340,741	3,161,503
		<u>247,070,821</u>	<u>191,474,809</u>

**11.1** This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

**11.2** All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 12. TAXATION - net

	Note	30 June 2018	30 June 2017
		(Rupees)	
Advance tax net of provision		<u>165,957,057</u>	<u>175,784,003</u>

### 13. INVESTMENTS

At fair value through profit or loss - at initial recognition	13.1	42,030,085	54,688,529
Available-for-sale	13.2	32,261,953	52,747,744
		<u>74,292,038</u>	<u>107,436,273</u>

#### 13.1 At fair value through profit or loss - at initial recognition

Ordinary shares	13.1.1	872,703	1,146,573
Participation term certificates	13.1.2	32,948,685	47,527,425
Units of mutual funds	13.1.5	8,208,697	6,014,531
		<u>42,030,085</u>	<u>54,688,529</u>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 13.1.1 Ordinary shares - listed

30 June 2018 (Number of shares / certificates)	30 June 2017	Name of investee company  Ordinary shares - Quoted	30 June 2018			30 June 2017
			Carrying value	Market value	Unrealised (loss) / gain	Market value
			(Rupees)			
1	1	Agriautos Industries Limited	431	295	(136)	431
1	1	Al-Ghazi Tractors Limited *	644	680	36	644
1	1	Atlas Battery Limited	900	410	(490)	900
1	1	Atlas Honda Limited	604	510	(94)	604
1	1	The General Tyre & Rubber Company of Pakistan Limited	304	166	(138)	304
1	1	Honda Atlas Cars (Pakistan) Limited	868	316	(552)	868
1	1	Thal Limited *	606	478	(128)	606
230	230	Baluchistan Wheels Limited	34,270	24,888	(9,382)	34,270
315	315	Ghandhara Nissan Limited	70,875	56,596	(14,279)	70,875
150	150	Hino Pak Motors Limited	196,500	121,157	(75,343)	196,500
200	200	Indus Motor Company Limited	358,800	284,292	(74,508)	358,800
272	272	Millat Tractors Limited	373,848	323,152	(50,696)	373,848
63	63	Oil & Gas Development Company Limited	8,863	9,804	941	8,863
127	127	Pak Suzuki Motor Company Limited	99,060	49,959	(49,101)	99,060
			<b>1,146,573</b>	<b>872,703</b>	<b>(273,870)</b>	<b>1,146,573</b>

#### 13.1.2 Participation term certificate (PTC) - listed

30 June 2018 (Number of certificates)	30 June 2017	Name of investee company  Ordinary shares - Quoted	30 June 2018			30 June 2017
			Carrying value	Market value	Unrealised loss	Market value
			(Rupees)			
<b>1,831,500</b>	1,831,500	Treet Corporation Limited *	<b>39,670,290</b>	<b>32,948,685</b>	<b>(6,721,605)</b>	47,527,425

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

#### 13.1.3 Movement in carrying value of PTC is as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Opening balance		47,527,425	42,124,508
Principal cash redemption	13.1.4	(274,725)	(274,725)
Principal conversion to ordinary shares	13.1.4	(7,582,410)	(7,582,410)
		<b>39,670,290</b>	34,267,373
Unrealised (loss) / gain for the year		<b>(6,721,605)</b>	13,260,052
Closing balance		<b>32,948,685</b>	47,527,425

**13.1.4** These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million (also refer note 6.1.1).



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 13.1.5 Units of mutual funds

Name of Fund	30 June 2018						
	As at 01 July 2017	Purchases during the year	Sales during the year	As at 30 June 2018	Carrying value as at 30 June 2018	Market Value as at 30 June 2018	Unrealised (loss) / gain as at 30 June 2018
	Number of units			(Rupees)			
NAFA Riba Free Savings Fund	14,109	-	-	14,109	143,745	151,272	7,527
NAFA Islamic Active Allocation Plan IV	16,180	22	-	16,202	1,762,177	1,585,482	(176,695)
NAFA Islamic Active Allocation Plan VI	43,571	-	-	43,571	4,115,490	3,793,484	(322,006)
NAFA Islamic Capital Preservation Plan-II	-	26,640	-	26,640	2,726,299	2,678,459	(47,840)
					<b>8,747,711</b>	<b>8,208,697</b>	<b>(539,014)</b>

Name of Fund	30 June 2017						
	As at 01 July 2016	Purchases during the year	Sales during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market Value as at 30 June 2017	Unrealised (loss) / gain as at 30 June 2017
	Number of units			(Rupees)			
NAFA Islamic Asset Allocation Fund	108,542	-	(108,542)	-	-	-	-
NAFA Riba Free Savings Fund	-	14,109	-	14,109	144,567	143,745	(822)
NAFA Islamic Active Allocation Plan IV	-	16,180	-	16,180	1,676,010	1,755,296	79,286
NAFA Islamic Active Allocation Plan VI	-	43,571	-	43,571	4,509,636	4,115,490	(394,146)
					<b>6,330,213</b>	<b>6,014,531</b>	<b>(315,682)</b>

#### 13.2 Available-for-sale

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

30 June 2018	30 June 2017	Name of investee company	30 June 2018			30 June 2017
			Cost	Market value	Unrealised gain	Market value
(Number of shares)		(Rupees)				
<b>Ordinary shares - Quoted</b>						
235,386	235,386	Tri-Pack Films Limited	17,188,363	32,247,882	15,059,519	52,726,464
152	152	ZIL Limited	5,330	14,071	8,741	21,280
			<b>17,193,693</b>	<b>32,261,953</b>	<b>15,068,260</b>	<b>52,747,744</b>

#### 13.2.1 Unrealized (loss) / gain on re-measurement of available-for-sale investments

Note	30 June 2018	30 June 2017
	(Rupees)	
Market value of investments	32,261,953	52,747,744
Less : Cost of investments	(17,193,693)	(17,193,693)
	<b>15,068,260</b>	<b>35,554,051</b>
Less: Unrealized gain on re-measurement of available-for-sale investments at beginning of the year	(35,554,051)	(25,633,737)
Unrealized (loss) / gain on re-measurement of available-for-sale investments for the year	<b>(20,485,791)</b>	<b>9,920,314</b>

13.2.2 The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 24.9 million which have been pledged with financial institutions as securities against borrowing facilities.

13.2.3 Group's capital reserves includes share of fair value reserve in associate amounting to Rs. 1.8 million.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 14. CASH AND BANK BALANCES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Term deposit receipts		-	282,855,000
Cash in hand		1,452,576	836,308
With banks			
- in current accounts		31,138,280	17,022,400
- in saving account	14.1	503,306,397	42,407,638
		<u>534,444,677</u>	<u>59,430,038</u>
		<u>535,897,253</u>	<u>343,121,346</u>

14.1 This carries mark-up at the rate ranging from 4% to 5.42% (30 June 2017: 3.75%)

14.2 The Company has issued post dated cheques amounting to Rs. 126.26 million in respect of clearing charges for import of alloy wheel manufacturing plant (refer note 15.2.5).

### 15. CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

##### 15.1.1 Description of legal proceedings

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Sindh High Court	Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Parent Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015.	Parent Company, MAIL, Sui Northern, Sui Southern and Others	3 August 2012



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
	In view of above stated facts and opinion of legal advisor, the management of the Group is confident of a favourable outcome. However, as an abundant caution, the full provision of Rs.5.03 million (30 June 2017: Rs. 3.25 million) in the financial statements.		
Federal Board of Revenue (FBR)	In respect of the Parent Company, Tax Year 2016 was selected for audit by the tax authorities and an Order was passed whereby refund of Rs 50.510 million was allowed. The Parent Company filed a Rectification application on 17 August 2017 against short refund determination of Rs. 7.62 million out of which refund of Rs. 7.47 million was subsequently determined after verification. No further appeal has been made by the Parent Company. The said refunds of Rs. 50.510 million and Rs. 7.47 million have been adjusted against advance tax liability for Tax year 2018.	Parent Company & FBR	22 June 2017
Federal Board of Revenue (FBR)	In respect of Parent Company, Tax Year 2017 was selected for audit by the Tax authorities and a notice dated 28 March 2018 was received which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard have not yet been finalized and hence no provision has been recognized in these consolidated financial statements.	Parent Company & FBR	6 March 2018
Federal Board of Revenue (FBR)	In respect of Tax Year 2017, a notice dated 31 January 2018 was issued to Parent Company by the Tax authorities for monitoring of withholding taxes which has been responded and requisitioned details, document, and evidences have been filed by the Parent Company. Proceeding in this regard have not have not yet been finalized.	Parent Company & FBR	31 January 2018
High Court	A lawsuit has been filed against the Company by Pakistan Steel Mills Corporation (Private) Limited (PASMIC) claiming possession of the leasehold land of SAIL on the grounds that no objection certificate was not obtained from PASMIC when the Company purchased suit property in court auction. However, the Company's lawyer is of the view that no condition about specific use was imposed upon the Company when it purchased the suit property in court auction. Further, the Company is manufacturing autoparts for the last eight years which is in the knowledge of PASMIC. Furthermore, the action of PASMIC is unjustifiable and also contrary to law as no show cause notice was given to the Company. The Honourable Court has restrained PASMIC from dispossessing the Company from the suit property. The Company based on lawyer's advice is confident of a favourable outcome.	SAIL & PASMIC	2 July 2007
FBR	In respect of tax year 2017 and tax year 2016, a notice dated 8 January 2018 and 19 January 2017, respectively, were issued for monitoring of withholding tax by tax authorities to SAIL. The requisite documents were furnished to the tax authorities but proceedings have not yet been finalized.	SAIL & FBR	8 January 2018

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
FBR	In the year 2017, the Additional Commissioner Inland Revenue (ACIR) issued notice dated 19 April 2017 to amend the assessment under section 122(5A) of Income Tax Ordinance, 2001 by disallowing expenses on account of non-filing of evidences. MAIL filed the responses through their letter no. M-60/1301 dated 2 May 2017. The proceedings have yet not been finalized by the ACIR. The management along with tax advisors are confident that outcome of the case will be in their favour, therefore no provision has been recognised in these consolidated financial statements.	MAIL & FBR	19 April 2017
FBR	SMPL received show cause notice under section 21(2) of the Sales Tax Act, 1990 from Federal Board of Revenue (FBR) for non-filing of sales tax returns for six consecutive months. The management replied for the aforesaid notice that it is in the process of changing sales tax status from manufacturer to distributor and has filed application for change in particulars / status several times but applications were rejected owing to delay in filing of requisite documents. Finally, the application filed on 10 March 2015 was acknowledged by FBR and forwarded for verification and subsequently no further order was received from tax authorities. The management is confident that no liability will arise in respect of non-filing of sales tax return and therefore, no provision is recognized in these consolidated financial statements.	SMPL & FBR	20 March 2015

### 15.2 Commitments

#### 15.2.1 Guarantees

	Note	30 June 2018	30 June 2017
		(Rupees)	
Guarantees issued by banks on behalf of the Group		<u>3,032,428</u>	850,000
Guarantee for plot	15.2.1.1	<u>64,832,400</u>	-
<b>15.2.1.1</b>	This represents guarantee provided by M/s. East West Insurance Company Limited for the plot of land at Bin Qasim Industrial Park for which group is liable to pay within one year commencing from 11 April 2018 to 10 April 2019.		
<b>15.2.2</b>	<b>Letters of credit</b>		
Letters of credit issued by various banks on behalf of the Group in ordinary course of the business (outstanding at year end)		<u>604,132,070</u>	443,902,000
Letters of credit issued by Habib Bank Limited on behalf of the Group in relation to property, plant and equipment as mentioned in 15.2.4.		<u>15,205,000</u>	-
<b>15.2.3</b>	The Group has issued post dated cheques to Total Parco as security deposits amounting to Rs. 4.34 million (30 June 2017: Rs. 3.74 million).		



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 15.2.4 Commitments in respect of capital expenditures of HAWL:

Property, plant and equipment 15.2.2 & 15.2.5 **1,046,122,815** 140,508,000

Description	Currency	Original contract price	Revised contract price	Paid	Outstanding commitments
Alloy wheels manufacturing plant (note 4.2.2.1)	AUD	4,312,500	5,587,763	(5,457,941)	129,822
	Rupees equivalent	387,230,156	501,739,209	(490,082,167)	11,657,042
Painting plant for alloy wheels (note 4.2.2.2)	USD	10,500,000	Not applicable	(3,150,000)	7,350,000
	Rupees equivalent	1,275,720,600	Not applicable	(382,716,180)	893,004,420
Post dated cheques (note 14.2)	Rupees	Not applicable	Not applicable	Not applicable	126,256,353
Letters of credit issued by Habib Bank Limited (note 15.2.2)	Rupees	Not applicable	Not applicable	Not applicable	15,205,000

15.2.5 This includes various post dated cheques amounting to Rs. 126.26 million issued in respect of clearing charges for import of alloy wheel plant.

#### 16 PRELIMINARY EXPENSES

This represents expenses incurred for the purpose of listing, written off from share premium account in accordance with the section 83(2)(a) of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Breakup of preliminary expenses are as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Advisory and arrangement fee for IPO	-	65,829,951
Brokerage commission	-	16,635,710
Underwriting commission	-	7,381,250
Advertisement and printing expense	-	9,266,369
Regulatory charges	-	2,098,986
Bank commission	-	2,886,115
Other expenses	-	549,041
	<u>-</u>	<u>104,647,422</u>

#### 17 SHARE CAPITAL

##### 17.1 Authorised share capital

Authorised share capital comprises of 200,000,000 (30 June 2017: 200,000,000) Ordinary shares of Rs. 10 each.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 17.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2018 (Number of shares)	30 June 2017	Ordinary shares	30 June 2018 (Rupees)	30 June 2017 (Rupees)
53,770,000	53,770,000	Ordinary shares of Rs. 10 each fully paid in cash	537,700,000	537,700,000
97,480,000	83,730,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	974,800,000	837,300,000
<b>151,250,000</b>	<b>137,500,000</b>		<b>1,512,500,000</b>	<b>1,375,000,000</b>

### 17.3 The break-up of share capital is as follows:

	30 June 2018		30 June 2018	
	Number of shares	% of Holding	Number of shares	% of Holding
Syed Shahid Ali (Chairman)	62,819,872	41.53%	57,108,975	41.53%
Treet Corporation Limited (Associate)	18,895,057	12.49%	17,177,325	12.49%
Directors	4,454,475	2.95%	4,042,230	2.94%
Other shareholders	65,080,596	43.03%	59,171,470	43.03%
	<b>151,250,000</b>	<b>100%</b>	<b>137,500,000</b>	<b>100%</b>

### 17.4 Reconciliation of number of shares outstanding

	30 June 2018 (Rupees)	30 June 2017 (Rupees)
Ordinary shares		
Ordinary shares at beginning of the year	137,500,000	75,000,000
Issue of ordinary shares through IPO	-	50,000,000
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	13,750,000	12,500,000
Ordinary shares at end of the year	<b>151,250,000</b>	<b>137,500,000</b>

### 17.5 Utilization of IPO proceeds

On 31 August 2016, the Parent Company through its prospectus gave the financial plan for the utilization of IPO proceeds. The detail of project and proceeds utilization was disclosed in note 5.13.1 of the prospectus as under;

Financial plan	(Rupees)
Expected IPO Proceeds against offering 50,000,000 ordinary shares of Rs. 10 each at offer price of Rs. 15 each	750,000,000
Utilization for:	
-Expansion and Modernization	(550,000,000)
-Working capital	(200,000,000)
	<b>-</b>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

The strike price of the offered shares was determined through book building at Rs. 34 per share, hence a total of Rs. 1,700 million was received by the Parent Company. Out of this amount, Rs. 1,150 million (200 million as per plan and Rs. 950 million, the excess amount received) was used for improving working capital and remaining Rs. 550 million was kept for expansion and modernization. Up till 30 June 2018, the Company had invested Rs. 527.43 million in capital assets for expansion and modernization as committed in prospectus and the remaining amount was invested in August 2018.

#### Actual utilization

	Note	(Rupees)
Actual IPO Proceeds against offering 50,000,000 ordinary shares of Rs. 10 each at strike price of Rs. 34 each		1,700,000,000
Utilized up till 30 June 2018		
-Expansion and Modernization		(527,436,543)
-Working capital	17.5.1	(1,150,000,000)
		<u>(1,677,436,543)</u>
Remaining (utilized subsequently)	17.5.2	<u><u>22,563,457</u></u>

**17.5.1** This includes investment in machinery amounting to Rs. 72.8 million which was incurred before realization of IPO proceeds as was also disclosed in the prospectus.

**17.5.2** The remaining amount was utilized subsequently in the month of August 2018.

#### 18. NON CONTROLLING INTERESTS (NCI)

**18.1** The following table summarizes the information relating to the Group's subsidiaries that have non-controlling interest (NCI).

	30 June 2018				Intra group eliminations	Total
	SMPL	SAIL	MAIL	HAWL		
	----- (Percentage) -----					
<b>NCI percentage</b>	<b>0%</b>	<b>9%</b>	<b>8%</b>	<b>20%</b>		
Non current assets	-	288,198,042	103,395,851	1,421,927,924		
Current assets	68,210,733	296,499,224	165,227,373	533,457,459		
Non-current liabilities	-	(17,827,547)	(8,180,981)	(36,339,781)		
Current liabilities	(800,674)	(49,140,936)	(21,260,484)	(509,979,483)		
<b>Net Assets</b>	<b>67,410,059</b>	<b>517,728,783</b>	<b>239,181,759</b>	<b>1,409,066,119</b>		
<b>Net assets attributable to NCI</b>	<b>-</b>	<b>46,595,590</b>	<b>19,134,541</b>	<b>281,813,224</b>	<b>(14,238,693)</b>	<b>333,304,662</b>
<b>Revenue</b>	<b>-</b>	<b>355,145,466</b>	<b>165,332,389</b>	<b>-</b>		
Post acquisition profit / (loss) for the period	2,537,829	55,130,026	37,569,262	2,355,759		
Other comprehensive income (OCI)	-	-	-	-		
<b>Total comprehensive income</b>	<b>2,537,829</b>	<b>55,130,026</b>	<b>37,569,262</b>	<b>2,355,759</b>		
<b>Post acquisition profit / (loss) allocated to NCI</b>	<b>-</b>	<b>4,961,702</b>	<b>3,005,541</b>	<b>471,152</b>	<b>(1,792,669)</b>	<b>6,645,726</b>
<b>OCI allocated to NCI</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
Cash flows from operating activities	(1,553,095)	30,330,681	24,216,702	(42,064,774)		
Cash flows from investment activities	-	(178,115,627)	(69,208,728)	(1,126,151,919)		
Cash flows from financing activities (dividends to NCI: nil)	1,884,000	150,000,000	50,000,000	1,560,450,000		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>330,905</b>	<b>2,215,054</b>	<b>5,007,974</b>	<b>392,233,307</b>		



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 18.2 Acquisition of NCI

The detail of gain on sale of shares to NCI (classified in retained earning ) is as follows:

	SAIL	MAIL	HAWL	Total
NCI percentage	9%	8%	20%	
	----- (Rupees) -----			
Carrying amount of NCI acquired	41,633,888	16,129,000	268,896,048	326,658,936
Consideration received from NCI *				255,490,000
(Loss) / Gain on sale of shares to NCI**				<u>(71,168,936)</u>

\* This represents consideration received from pre-IPO shareholders in HAWL. Due to the fact that the pre-IPO Shareholders indirectly hold interest in SAIL and MAIL along with HAWL. The carrying value of NCI includes their respective net assets.

\*\* In accordance with the requirement of para B96 of IFRS 10 - Consolidated Financial Statements, the Group has recognized the aforementioned loss in equity as it attributes to the owners of the parent.

**18.3** In the current year, HAWL offered 81 million ordinary shares through right issue (first right issue) to the existing shareholders in the proportion of their existing shareholding, at an exercise price of Rs. 10 per share (i.e. face value). Loads Limited subscribed to 61 million ordinary shares and empowered the Board of HAWL to offer the remaining 20 million ordinary shares to others as advised by the Board of HAWL. On 12 January 2018, the Board of HAWL passed a resolution and offered 15 million and 5 million shares to SAIL and MAIL respectively at the exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. SAIL and MAIL fully subscribed the offers and on 12 February 2018, the shares were issued to SAIL and MAIL. The return of allotment of HAWL was filed on 13 February 2018.

Moreover, In the month of February, HAWL offered further 25.545 million ordinary shares through another right issue (second right issue) to the existing shareholders in the proportion of their existing shareholding (as changed after the first right issue), at the exercise price of Rs. 10 per share (i.e. face value). The existing shareholders including Loads Limited, SAIL and MAIL renounced the offer on 5 March 2018 and empowered the Board of HAWL to offer the shares to others as advised by Board of HAWL. In March, the Board of HAWL passed a resolution and offered the shares to pre-IPO shareholders at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was effectively a wholly owned subsidiary of Loads Limited. The shares of HAWL were issued to the pre-IPO shareholders on 4 May 2018. The return of allotment was filed on 10 May 2018. As at 30 June 2018, the break-up value of HAWL was Rs. 10.71 per share (30 June 2017: Rs. 9.92 per share).

**18.4** In the month of March, SAIL passed a special resolution and offered 15 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs. 10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of SAIL to offer the shares to others as advised by the Board of SAIL. On 21 March 2018, the Board of SAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of SAIL was filed on 25 April 2018. As at 30 June 2018, the break-up value of SAIL was Rs. 15.93 per share (30 June 2017: Rs. 17.86 per share).

**18.5** In the month of March, MAIL passed a special resolution and offered 5 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs.10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of MAIL to offer the shares to others as advised by the Board of MAIL. On 21 March 2018, the Board of MAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment of MAIL was filed on 25 April 2018. As at 30 June 2018, the break-up value of MAIL was Rs. 19.14 per share (30 June 2017: Rs. 20.22 per share).



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2018			30 June 2017		
	Minimum Lease Payments	Finance charges	Principal outstanding	Minimum Lease Payments	Finance charges	Principal outstanding
	----- (Rupees) -----					
Not later than one year	14,387,732	338,584	14,049,148	14,303,353	1,045,265	13,258,088
Later than one year but not later than five years	5,041,382	27,178	5,014,204	9,361,906	426,888	8,935,018
	<b>19,429,114</b>	<b>365,762</b>	<b>19,063,352</b>	<b>23,665,259</b>	<b>1,472,153</b>	<b>22,193,106</b>

- 19.1 These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates include finance charge at fixed rate of 9% (30 June 2017: 9%) and variable rates ranging from 6 months KIBOR plus 2% to 5.5% per annum (30 June 2017: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi-annual basis for future rentals. These leases are having maturities from September 2018 to February 2020 (30 June 2017: September 2017 to February 2020).

#### 20. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Deferred tax liability	102,840,644	93,131,755
Deferred tax asset	(11,515,587)	(7,542,616)
	<b>91,325,057</b>	<b>85,589,139</b>

- 20.1 Deferred tax comprises of:

##### Taxable temporary differences arising in respect of:

- Accelerated tax depreciation	93,834,877	84,693,561
- Share of profit from associated company	9,005,767	8,438,194

##### Deductible temporary differences arising in respect of:

- Finance lease arrangements	(641,889)	(980,390)
- Allowance for inventory obsolescence	(1,417,905)	(487,022)
- Provision against compensated absences	(3,216,125)	(3,203,467)
- Remeasurement of defined benefit liability	(6,239,668)	(2,871,737)
	<b>91,325,057</b>	<b>85,589,139</b>

## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 20.2 Analysis of change in deferred tax

	30 June 2018			30 June 2017				
	Balance at 1 July 2017	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2018	Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2017
(Rupees)								
<b>Taxable temporary differences</b>								
- Accelerated tax depreciation	84,693,561	9,141,316	-	93,834,877	68,064,139	16,629,422	-	84,693,561
- Finance lease arrangements	(980,390)	338,501	-	(641,889)	5,461,712	(6,442,102)	-	(980,390)
- Share of profit from associated company	8,438,194	567,573	-	9,005,767	6,765,930	1,672,264	-	8,438,194
<b>Deductible temporary differences</b>								
- Allowance for inventory obsolescence	(487,022)	(930,883)	-	(1,417,905)	(215,830)	(271,192)	-	(487,022)
- Provision against compensated absences	(3,203,467)	(12,658)	-	(3,216,125)	(2,426,623)	(776,844)	-	(3,203,467)
- Provision for bad debts	-	-	-	-	(125,738)	125,738	-	-
- Remeasurement of defined benefit liability	(2,871,737)	-	(3,367,931)	(6,239,668)	(1,807,188)	-	(1,064,549)	(2,871,737)
	<b>85,589,139</b>	<b>9,103,849</b>	<b>(3,367,931)</b>	<b>91,325,057</b>	75,716,402	10,937,286	(1,064,549)	85,589,139

20.3 A change in the corporation income tax rate ranging from 30 % to 29% per cent was enacted on 1 July 2018, effective from the same date. Deferred tax assets and liabilities on temporary differences are measured at 29%.

#### 21 EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2018 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, "Employee Benefits". The assumptions used in actuarial valuation are as follows:

##### 21.1 Actuarial assumptions

	30 June 2018	30 June 2017
<b>Financial assumptions</b>		
- Discount rate used for year end obligation	9.00%	7.75%
- Discount rate used for interest cost in profit and loss account	7.75%	7.25%
- Expected rate of increase in salary level	8.00%	6.75%
<b>Demographic assumptions</b>		
- Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005

##### 21.2 Amount recognised in the balance sheet

	Note	30 June 2018			30 June 2017		
		Executives	Non-Executives	Total	Executives	Non-Executives	Total
(Rupees)							
Present value of defined benefit obligation	21.2.1	25,538,353	13,550,296	39,088,649	33,364,832	12,930,821	46,295,653
Fair value of plan assets	21.2.2	(31,206,791)	(13,199,066)	(44,405,857)	(32,350,240)	(13,658,018)	(46,008,258)
Net (asset) / liability at end of the year		(5,668,438)	351,230	(5,317,208)	1,014,592	(727,197)	287,395



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 21.2.1 Movement in present value of defined benefit obligation

Opening balance	33,364,832	12,930,821	46,295,653	24,622,414	11,763,057	36,385,471
Current service cost	1,958,886	481,589	2,440,475	1,540,551	454,089	1,994,640
Interest cost	1,898,150	945,512	2,843,662	1,769,979	812,937	2,582,916
Benefits paid by the plan	(17,745,147)	(1,461,341)	(19,206,488)	(417,830)	(1,100,270)	(1,518,100)
Re-measurements loss / (gain) on obligation	6,061,632	653,715	6,715,347	5,849,718	1,001,008	6,850,726
Closing balance	<u>25,538,353</u>	<u>13,550,296</u>	<u>39,088,649</u>	<u>33,364,832</u>	<u>12,930,821</u>	<u>46,295,653</u>

#### 21.2.2 Movement in the fair value of plan assets

Opening balance	32,350,240	13,658,018	46,008,258	28,836,289	12,398,328	41,234,617
Interest income	2,507,144	1,058,496	3,565,640	2,090,631	898,879	2,989,510
Contribution paid / (received) into / (from) the plan	17,656,842	1,279,812	18,936,654	-	-	-
Benefits paid by the plan	(17,745,147)	(1,461,341)	(19,206,488)	(417,830)	(1,100,270)	(1,518,100)
Re-measurements (loss) / gain on plan assets	(3,562,288)	(1,335,919)	(4,898,207)	1,841,150	1,461,081	3,302,231
Closing balance	<u>31,206,791</u>	<u>13,199,066</u>	<u>44,405,857</u>	<u>32,350,240</u>	<u>13,658,018</u>	<u>46,008,258</u>

#### 21.2.3 Amounts recognised in the profit and loss account

Current service cost	1,958,886	481,589	2,440,475	1,540,551	454,089	1,994,640
Interest cost	1,898,150	945,512	2,843,662	1,769,979	812,937	2,582,916
Interest income	(2,507,144)	(1,058,496)	(3,565,640)	(2,090,631)	(898,879)	(2,989,510)
Expense for the year	<u>1,349,892</u>	<u>368,605</u>	<u>1,718,497</u>	<u>1,219,899</u>	<u>368,147</u>	<u>1,588,046</u>

#### 21.2.4 Amounts recognised in the other comprehensive income

Re-measurement loss / (gain) on obligation	21.2.4.1	6,061,632	653,715	6,715,347	5,849,718	1,001,008	6,850,726
Re-measurement of fair value of plan assets	21.2.4.2	3,562,288	1,335,919	4,898,207	(1,841,150)	(1,461,081)	(3,302,231)
Re-measurement loss / (gain) for the year		<u>9,623,920</u>	<u>1,989,634</u>	<u>11,613,554</u>	<u>4,008,568</u>	<u>(460,073)</u>	<u>3,548,495</u>

#### 21.2.4.1 Re-measurement loss / (gain) on obligation

Loss / (gain) due to change in financial assumptions	42,906	19,792	62,698	15,628	8,101	23,729
Loss / (gain) due to change in experience adjustments	6,018,726	633,923	6,652,649	5,834,090	992,907	6,826,997
	<u>6,061,632</u>	<u>653,715</u>	<u>6,715,347</u>	<u>5,849,718</u>	<u>1,001,008</u>	<u>6,850,726</u>

#### 21.2.4.2 Re-measurement on plan assets - Net income / (expense) of plan assets over interest income

Actual return on plan assets	(1,055,144)	(277,423)	(1,332,567)	3,931,781	2,359,960	6,291,741
Interest income on plan assets	(2,507,144)	(1,058,496)	(3,565,640)	(2,090,631)	(898,879)	(2,989,510)
	<u>(3,562,288)</u>	<u>(1,335,919)</u>	<u>(4,898,207)</u>	<u>1,841,150</u>	<u>1,461,081</u>	<u>3,302,231</u>

#### 21.2.5 Net recognized liability / (asset)

Net asset at beginning of the year	1,014,592	(727,197)	287,395	(4,213,875)	(635,271)	(4,849,146)
Expense recognised in profit and loss account	1,349,892	368,605	1,718,497	1,219,899	368,147	1,588,046
Contribution paid into the plan	(17,656,842)	(1,279,812)	(18,936,654)	-	-	-
Re-measurement losses recognised in other comprehensive income	9,623,920	1,989,634	11,613,554	4,008,568	(460,073)	3,548,495
Net (asset) / liability at end of the year	<u>(5,668,438)</u>	<u>351,230</u>	<u>(5,317,208)</u>	<u>1,014,592</u>	<u>(727,197)</u>	<u>287,395</u>

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 21.3 Plan assets comprise of the following

	30 June 2018		30 June 2017	
	Executives	Non-Executives	Executives	Non-Executives
	(Rupees)			
Government securities	13,268,124	2,434,372	16,822,125	3,496,453
Term deposit receipts	-	-	32,350	13,658
Equity shares	11,222,524	7,909,212	13,457,700	8,891,370
Others	6,716,143	2,855,482	2,038,065	1,256,537
Fair value of plan assets at end of the year	<b>31,206,791</b>	<b>13,199,066</b>	<b>32,350,240</b>	<b>13,658,018</b>

### 21.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2018 (Rupees)		30 June 2017 (Rupees)	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate +1%	23,901,272	12,766,112	31,870,792	12,129,017
Discount rate -1%	27,398,193	14,406,606	35,061,024	13,811,730
Salary increase +1%	27,417,254	14,415,069	35,078,280	13,820,370
Salary increase -1%	23,855,577	12,744,249	31,828,872	12,106,595

21.5 Expected charge for the year ending 30 June 2019 is Rs. 781,496.

### 21.6 Risks associated with defined benefit plans

#### a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

#### b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

#### c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 21.7 Historical information

	2016	2015	30 June 2014	2013	2012
	(Rupees)				
Present value of defined benefit obligation	36,385,471	33,537,730	31,474,360	27,152,096	-
Fair value of plan assets	(41,234,617)	(39,879,652)	(43,360,672)	(38,001,696)	(11,748,034)
Net liability / (asset)	<u>(4,849,146)</u>	<u>(6,341,922)</u>	<u>(11,886,312)</u>	<u>(10,849,600)</u>	<u>(11,748,034)</u>

### 21.8 Gratuity for the year recognised in the profit and loss account has been allocated as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Cost of sales	25	1,349,892	1,219,899
Administrative and selling expenses	26	368,605	368,147
		<u>1,718,497</u>	<u>1,588,046</u>

### 22. SHORT TERM FINANCING

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>Secured</b>			
Running finances under mark-up arrangements	22.1	1,173,799,354	28,395,236
Islamic financing	22.2	150,000,000	-
Short term loan	22.3	115,832,655	-
		<u>1,439,632,009</u>	<u>28,395,236</u>

#### 22.1 Running finances under mark-up arrangements

	Note	30 June 2018	30 June 2017
		(Rupees)	
JS Bank Limited		299,924,500	21,916,042
Soneri Bank		109,599,997	3,120,575
Meezan Bank		167,025,496	1,972,841
Bank AL Habib Limited		8,206,558	1,385,778
MCB Bank Limited		174,745,807	-
Habib Metropolitan Bank		140,860,238	-
Askari Bank		193,445,813	-
Habib Bank Limited		9,076,373	-
Soneri Bank - Local Bill discount		70,914,572	-
	22.1.1	<u>1,173,799,354</u>	<u>28,395,236</u>

**22.1.1** These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Parent Company, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 March 2019. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum (30 June 2017: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.85% per annum).

The aggregate available short term funded facilities amounted to Rs. 1,720 million (30 June 2017: Rs. 1,970 million) out of which Rs. 546.2 million (30 June 2017: 1,941.605 million) remained unavailed as at the reporting date.

**22.2** This represents Islamic finance (Istisna) facility available from Al Baraka Bank and Meezan Bank having limits of Rs. 350 million, for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 30 June 2018, amount of Rs. 200 million (30 June 2017: Rs. 400 million) remained unutilised. This facility is secured by charge over current and future assets of the Parent Company. These facilities carry mark-up at 6 month KIBOR plus 1 % per annum (30 June 2017: 6 month KIBOR plus 1.25 %) and is repayable maximum within 120 days to 180 days of the disbursement date.

**22.3** This represent short term loan facility availed from JS Bank having limit of Rs. 200 million, for working capital requirement of the Parent Company. This facility is secured by charge over current and future assets of the Parent Company. As at 30 June 2018, amount of Rs. 84.17 million (30 June 2017: Nil) remained unutilised. This facility carry mark-up at 1 month KIBOR plus 1 % per annum (30 June 2017: Nil) and is repayable maximum within 60 days of the disbursement date.

**22.4** Facilities available for opening letters of credit / guarantees at 30 June 2018 amounted to Rs. 2,257.95 million (30 June 2017: Rs. 2,205.45 million) out of which Rs. 1,651.19 million (30 June 2017: Rs. 1,761.10 million) remained unutilized at the year end.

### 22.5 Unavailed facilities

The Group has unutilized facility of Finance against Trust Receipt (FATR) facility from Habib Bank Limited and Habib Metropolitan Bank Limited having limit aggregating to Rs. 350 million, to facilitate retirement of import bills under LC sight opened through bank. This facility is secured by charge over current and future assets of the Group and TR form signed separately for each bill. This facility carries mark-up at 1 month KIBOR plus 0.75% to 3 month KIBOR plus 0.55% per annum (30 June 2017: 1 month KIBOR plus 1.5% per annum) and is repayable maximum within 90 days of the disbursement date.

The Group also has an unutilized facility of forward cover from JS Bank Limited and Meezan Bank Limited, having limit aggregating to Rs. 66 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 12 months and the cover limit for JS Bank Limited is established at 10 times of the actual limit (Rs. 350 million).

## 23. TRADE AND OTHER PAYABLES

	Note	30 June 2018	30 June 2017
(Rupees)			
Trade creditors		201,308,490	173,607,391
Accrued liabilities	23.1	41,397,171	40,503,866
<b>Other liabilities</b>			
Advance from customer		38,325,272	13,188,422
Mobilization advances	23.4	12,071,585	22,862,201
Workers' profit participation fund	23.2	15,716,871	24,281,259
Provision for compensated absences		11,090,085	10,678,222
Workers' welfare fund	23.3	18,033,964	12,287,086
Withholding tax payable		1,715,018	4,398,920
Security deposit from contractors	23.5	262,000	262,000
Sales tax payable		3,487,997	-
Payable to provident fund		7,614,987	5,517,822
Other payables	23.6	13,641,320	5,980,603
		<b>364,664,760</b>	<b>313,567,792</b>



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

**23.1** This includes provision of Rs. 5.03 million (30 June 2017: Rs. 3.056 million) in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since stay order has been obtained against levy of GID Cess (refer note 15.1.1).

**23.2 Workers' profit participation fund**

	Note	30 June 2018	30 June 2017
(Rupees)			
Opening balance		24,281,259	17,140,765
Charge for the year	27	14,088,236	20,312,659
Mark-up charged during the year	29	1,040,130	965,943
		<u>39,409,625</u>	<u>38,419,367</u>
Less: Payments during the year		(23,692,754)	(14,138,108)
Closing balance		<u>15,716,871</u>	<u>24,281,259</u>

**23.3 Workers' welfare fund**

Opening balance		12,287,086	9,499,132
Charge for the year	27	5,746,878	8,219,375
Less: Payments during the year		-	(5,431,421)
Closing balance		<u>18,033,964</u>	<u>12,287,086</u>

**23.4** This carries mark-up at the rate of 7.3% (30 June 2017: 7.3%).

**23.5** This represents security deposit received from contractors against provision of services, kept in the Group's bank account.

**23.6** This includes amounts deducted deducted from employees' salaries against vehicles (used by employees) to be sold to the employees upon completion of respective useful lives of the vehicles.

**24. REVENUE**

	Note	30 June 2018	30 June 2017
(Rupees)			
Local sales	24.1	5,769,095,818	5,172,668,587
Less: Sales returns		(48,189,108)	(18,670,578)
		<u>5,720,906,710</u>	<u>5,153,998,009</u>
Less: Sales tax		(831,242,855)	(748,871,506)
		<u>4,889,663,855</u>	<u>4,405,126,503</u>

**24.1** This includes scrap sales amounting to Rs. 53.11 million (30 June 2017: Rs. 45.76 million).

**25. COST OF SALES**

	Note	30 June 2018	30 June 2017
(Rupees)			
Raw materials and components consumed	25.1	3,435,377,298	3,111,377,807
Ancillary materials consumed	25.2	106,100,751	109,560,706



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
(Rupees)			
<b>Manufacturing expenses</b>			
Salaries and wages		314,927,504	265,572,231
Other employees' benefits	25.3	142,377,720	152,452,342
Provident fund contribution		2,490,151	2,222,310
Toll manufacturing		106,696,152	64,490,535
Depreciation of property, plant and equipment	4.1.7	95,900,659	86,324,886
Gas, power and water		43,775,196	50,062,900
Travelling and vehicle running cost		13,936,047	10,926,984
Insurance		10,685,181	8,412,421
Repairs and maintenance		24,137,400	19,880,316
Postage, telephone and telex		2,257,794	2,673,991
Allowance for inventory obsolescence	7.1	3,265,920	1,623,406
Inward freight and storage charges		1,512,741	1,270,574
Conveyance		19,239,986	18,226,567
Rent, rates and taxes		2,115,376	2,371,217
Printing, stationery and periodicals		72,054	331,025
Royalty expense	25.4	7,987,135	1,557,933
General expenses		1,913,512	2,239,305
Security services		638,571	372,834
Transferred to capital work-in-progress		(15,827,380)	(13,322,519)
Manufacturing cost		778,101,719	677,689,258
Opening stock of work-in-process		140,014,359	142,503,010
Closing stock of work-in-process	7	(150,978,815)	(140,014,359)
		(10,964,456)	2,488,651
Cost of goods manufactured		4,308,615,312	3,901,116,422
Opening stock of finished goods		110,143,067	66,570,963
Closing stock of finished goods	7	(49,683,031)	(110,143,067)
		60,460,036	(43,572,104)
		<b>4,369,075,348</b>	<b>3,857,544,318</b>
<b>25.1 Raw material and components consumed</b>			
Opening inventory		933,433,474	897,990,349
Purchases		3,968,930,047	3,146,820,932
		4,902,363,521	4,044,811,281
Closing inventory	7	(1,466,986,223)	(933,433,474)
		<b>3,435,377,298</b>	<b>3,111,377,807</b>
<b>25.2 Ancillary materials consumed</b>			
Opening inventory		54,094,440	69,537,821
Purchases		113,979,197	108,669,042
		168,073,637	178,206,863
Ancillary materials capitalised		(17,039,357)	(14,551,717)
		151,034,280	163,655,146
Closing inventory		(44,933,529)	(54,094,440)
		<b>106,100,751</b>	<b>109,560,706</b>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

25.3 This includes a sum of Rs. 1.3 million (30 June 2017: Rs. 1.2 million) in respect of employee benefits - gratuity.

25.4 This represents royalty in respect of providing technical information and assistance for the manufacturing of exhaust system. Details are as follows:

Name of Recipient	Relationship with the Group	Registered Address	30 June 2018	30 June 2017
Futaba Industrial Co. Limited	None other than technical advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558	<b>7,987,135</b>	<b>1,557,933</b>

#### 26. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Salaries and wages		<b>93,700,968</b>	83,980,525
Other employees' benefits	26.1	<b>29,421,010</b>	36,246,874
Provident fund contribution		<b>1,742,659</b>	1,707,367
Advertising and sales promotion		<b>1,409,601</b>	1,057,296
Travelling and vehicle running cost		<b>11,555,860</b>	9,839,441
Outward freight		<b>19,024,859</b>	17,830,361
Depreciation of property, plant and equipment	4.1.7	<b>8,242,807</b>	7,770,091
Amortization of intangible assets	5	<b>968,122</b>	441,961
Legal and professional charges		<b>37,913,882</b>	13,583,103
Rent, rates and taxes		<b>2,888,214</b>	-
Postage, telephone and telex		<b>3,255,369</b>	2,796,883
Conveyance		<b>1,618,152</b>	353,740
Auditors' remuneration	26.3	<b>4,263,670</b>	1,329,500
Electricity		<b>1,474,698</b>	1,130,120
Repairs and maintenance		<b>699,426</b>	343,049
Entertainment		<b>485,954</b>	351,853
Printing, stationery and periodicals		<b>2,064,517</b>	2,147,478
Insurance		<b>2,820,796</b>	1,007,670
Donation	26.2	<b>70,000</b>	20,000
Laboratory testing		<b>961,235</b>	-
Commission expense		<b>927,737</b>	-
Security charges		<b>61,600</b>	-
General expenses		<b>1,453,694</b>	3,328,633
		<b>227,024,830</b>	<b>185,265,945</b>

26.1 This includes a sum of Rs. 0.37 million (30 June 2017: Rs. 0.37 million) in respect of employee benefits - gratuity.

26.2 Donations of Rs. 20,000 and Rs. 50,000 were given to Fatimid Foundation and NED university for free medical treatment of needy patients and support to students respectively. None of the directors and their spouses have interest in donees.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 26.3 Auditors' remuneration

	30 June 2018	30 June 2017
	(Rupees)	
<b>Audit services</b>		
Audit fee	1,199,500	950,000
Interim review	220,000	200,000
Fee for special audit / review for IPO	450,000	-
Consultancy fee	1,000,000	-
Out of pocket expense	226,170	-
	<b>3,095,670</b>	<b>1,150,000</b>
<b>Non-audit services</b>		
Certifications for regulatory purposes *	1,100,000	75,000
Out of pocket expense	68,000	104,500
	<b>4,263,670</b>	<b>1,329,500</b>

\* This represents fee for valuation services provided by the consultant.

### 27. OTHER EXPENSES

	30 June 2018	30 June 2017
	(Rupees)	
Workers' profit participation fund	14,088,236	20,312,659
Workers' welfare fund	5,746,878	8,219,375
Loss on sale of investment in Pakistan Investment Bonds	16,485,608	-
Others	1,580	-
	<b>36,322,302</b>	<b>28,532,034</b>

### 28. OTHER INCOME

	30 June 2018	30 June 2017
	(Rupees)	
Income from financial assets		
Mark-up income from Participation Term Certificates	12,655,665	12,454,200
Mark-up income on term deposit receipts	12,959,469	13,125,160
Dividend income	2,405,899	2,469,712
Mark-up income on Pakistan Investment Bonds	13,309,254	3,981,476
Un-winding of mark-up on sale of dies	3,514,240	1,105,361
Mark-up income on loan to employees	2,010,578	1,819,246
Mark-up income on saving accounts	7,909,428	558,131
Realised on gain on sale of investment	-	76,404
Others	1,594,036	202,999
	<b>56,358,569</b>	<b>35,792,689</b>
Income from assets other than financial assets		
Gain on disposal of property, plant and equipment	25,447,982	24,300,942
Recovery from debtors written off	-	889,500
Others	1,862,071	2,208,920
	<b>27,310,053</b>	<b>27,399,362</b>
	<b>83,668,622</b>	<b>63,192,051</b>



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

**28.1** This includes dividend received from Tri-Pack Films Limited amounting to Rs. 2.35 million (30 June 2017: Rs.2.35 million). The remaining amount being insignificant represents dividend received from Atlas Honda Limited, Indus Motor Company Limited, Agriauto Industries Limited, Baluchistan Wheels Limited, Atlas Battery Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Pakistan Limited, Hino Pak Motors Limited, Honda Atlas Cars (Pakistan) Limited and Ghandara Nissan Limited against investment as disclosed in note 13.

### 29. FINANCE COSTS

	Note	30 June 2018	30 June 2017
		(Rupees)	
Mark-up on bank loans and borrowings		44,744,237	33,595,731
Exchange loss		40,657,128	5,538,491
Finance lease charges		1,041,475	2,090,311
Mark-up on mobilization advance		1,304,980	2,046,396
Commission and other charges		2,173,243	1,514,503
Mark-up on workers' profit participation fund	23.2	1,040,130	965,943
		<u>90,961,193</u>	<u>45,751,375</u>

### 30. TAXATION

	Note	30 June 2018	30 June 2017
		(Rupees)	
Current tax	30.3	82,605,401	67,498,133
Prior tax	30.4	(8,172,392)	(7,131,213)
Deferred tax	20.2	9,103,849	10,937,286
	30.1	<u>83,536,858</u>	<u>71,304,206</u>

#### 30.1 Reconciliation between tax expense and accounting profit

Profit before taxation		<u>245,093,638</u>	<u>377,731,505</u>
Tax at the applicable rate of 30% (2017: 31%)		73,528,091	117,096,767
Effect of minimum tax		32,874,771	-
Prior year charge		(8,172,392)	(7,131,213)
Tax effect of share of profit from associate		401,899	2,084,663
Tax effect of change in tax rates		(2,948,696)	(2,442,465)
Tax effect of tax credits	30.5	(18,010,548)	(33,623,591)
Tax effect of permanent differences		5,863,733	(4,679,955)
		<u>83,536,858</u>	<u>71,304,206</u>

**30.2** The returns of income tax have been filed up to and including tax year 2017. Except for tax years mentioned in note 15, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Tax related contingencies are disclosed in note 15.

**30.3** This includes income tax of the parent company calculated on the basis of minimum tax liability at the rate of 1.25% on turnover for the year less allowable tax credit on account of purchase of plant and machinery.

**30.4** This represents income tax reversed in respect of prior tax years on account of difference between tax assessed and tax charge in the respective financial statements of the Group entities.

**30.5** This represents tax credit at the rate of 10% of purchase of plant and machinery under section 65B of the Income Tax Ordinance, 2001.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

30.6 Sufficient provision has been made in these consolidated financial statements taking into account the profit or loss for the year and various admissible allowances and deductions under the Income tax Ordinance, 2001. Comparison of tax provision as per the separate financial statements of the parent company and the subsidiaries and related tax assessments including returns filed and deemed assessed for the last three years is as follows:

	2017	30 June 2016	2015
	(Rupees)		
<b>Loads Limited (Parent Company)</b>			
Tax provision recognized in the financial statements of Parent Company	36,928,764	51,411,085	39,704,024
Tax charged as per tax assessments	32,197,456	42,305,356	40,360,975
<b>SAIL</b>			
Tax provision recognized in the financial statements of SAIL	20,294,595	22,670,574	5,046,501
Tax charged as per tax assessments	19,451,492	12,799,024	12,288,062
<b>MAIL</b>			
Tax provision recognized in the financial statements of MAIL	8,715,237	12,870,984	6,411,880
Tax charged as per tax assessments	8,440,616	12,856,906	7,165,204
<b>SMPL</b>			
Tax provision recognized in the financial statements of SMPL	1,257,137	1,405,345	9,048,594
Tax charged as per tax assessments	1,231,863	1,643,184	7,824,673
<b>HAWL</b>			
Tax provision recognized in the financial statements of HAWL	302,400	-	-
Tax charged as per tax assessments	3,689	-	-

### 31. EARNINGS PER SHARE - basic and diluted

		30 June 2018	30 June 2017
		(Rupees)	
Profit for the year	Rupees	154,911,054	306,427,299
			(Restated)
Weighted average number of ordinary shares outstanding during the year	Number	151,250,000	132,851,370
Earnings per share - basic and diluted	Rupees	1.02	2.31

### 31.1 Weighted average number of ordinary shares

	(Number)	
Issued ordinary shares at beginning of the year	137,500,000	75,000,000
Effect of ordinary shares issued during the year	-	34,794,521
Effect of bonus shares issued in the prior year	-	10,979,452
Effect of bonus shares issued during the year	13,750,000	12,077,397
Weighted average number of ordinary shares at end of the year	151,250,000	132,851,370



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 32. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	30 June 2018	30 June 2017
Provident fund	Defined benefit scheme	Receivable from provident fund	8,701,174	5,524,464
Employee benefits - gratuity	Defined contribution plan	Expense for the year	1,718,497	5,517,723
		Contribution paid during the year	18,936,654	-
		Balance at the year end asset / (liability)	5,317,208	(287,395)
Treet Corporation Limited	Associated company by virtue of common directorship	Interest income	12,655,665	12,454,200
		Dividend income	-	7,620,680

32.2 The remuneration to Board of Directors (executive and non-executive) and all members of the Group's Management Team is disclosed in note 37 to these consolidated financial statements.

#### 33. CASH AND CASH EQUIVALENTS

	Note	30 June 2018	30 June 2017
Cash and bank balances	14	535,897,253	343,121,346
Short term financing	22	(1,439,632,009)	(28,395,236)
		(903,734,756)	314,726,110

#### 33.1 Reconciliation of movement of and equity liabilities to cash flows arising from financing activities

	Equity		Liabilities		Total
	Non controlling Interests	Short term financing	Liabilities against assets subject to finance lease	Unclaimed dividend	
Balance as at 1 July 2017	-	28,395,236	22,193,106	1,420,509	52,008,851
<b>Changes from financing cash flows</b>					
Repayment of loans and borrowings	-	-	(22,851,639)	-	(22,851,639)
Payment of finance lease liabilities	-	-	-	(135,346,501)	(135,346,501)
Dividend Paid	-	-	-	-	-
Cash received from Non controlling interest	255,490,000	-	-	-	255,490,000
<b>Total changes from financing cash flows</b>	255,490,000	-	(22,851,639)	(135,346,501)	97,291,860
<b>Liability - related other changes</b>					
Change in short term financing - net	-	1,411,236,773	-	-	1,411,236,773
Dividend announced during the year	-	-	-	137,500,000	137,500,000
New finance leases	-	-	18,680,410	-	18,680,410
Finance cost	-	-	1,041,475	-	1,041,475
Trade payable	-	-	-	-	-
<b>Total liability - related other changes</b>	-	1,411,236,773	19,721,885	137,500,000	1,568,458,658
<b>Total equity-related other changes</b>	77,814,662	-	-	-	77,814,662
<b>Balance as at 30 June 2018</b>	<b>333,304,662</b>	<b>1,439,632,009</b>	<b>19,063,352</b>	<b>3,574,008</b>	<b>1,795,574,031</b>

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 34. FINANCIAL RISK MANAGEMENT

The Group has exposure to following risks from its use of financial instrument:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

#### 34.1 Risk management framework

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

#### 34.2 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Group arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30 June 2018	30 June 2017
(Rupees)			
Trade debts - net (unsecured)	8	350,809,641	223,972,326
Loans	10	20,408,650	72,774,746
Deposits and other receivables	9 & 11	81,509,288	17,147,178
Investments	13.1	41,157,382	53,541,956
Bank balances and term deposit receipts	14	534,444,677	342,285,038
		<u>1,028,329,638</u>	<u>709,721,244</u>

Credit rating and collaterals

Balances with banks are only held with reputable banks having sound credit ratings. The credit quality of Group bank balances can be assessed with reference of external credit ratings as follows:

Bank	Rating Agency	Short term rating	30 June 2018	
			(Rupees)	(%)
MCB Islamic Bank Limited	PACRA	A-1	344,704,720	64.5%
Meezan Bank Limited	JCR-VIS	A1+	146,744,778	27.5%
Habib Bank Limited	JCR-VIS	A1+	20,652,920	3.9%
Bank AL Habib Limited	PACRA	A1+	11,797,510	2.2%
National Bank of Pakistan	JCR-VIS	A1+	9,345,921	1.7%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	1,113,153	0.2%
Soneri Bank Limited	PACRA	A-1+	71,056	0.0%
Habib Metropolitan Bank Limited	PACRA	A1+	13,777	0.0%
Askari Bank	PACRA	A1+	842	0.0%
			<u>534,444,677</u>	<u>100%</u>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### Concentration of credit risk

Concentration of credit risk arise 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 indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. All of the Group's receivables are from distributors of automotive industries. Trade debts pertaining to four major customers of the Group aggregates to 84% as at 30 June 2018 (30 June 2017: 82%).

#### Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2018			30 June 2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	----- (Rupees) -----					
Less than or equal to 30 days	269,319,506	-	269,319,506	192,439,859	-	192,439,859
More than 30 days but not more than 90 days	76,699,068	-	76,699,068	12,843,562	-	12,843,562
More than 90 days but not more than 180 days	3,754,241	-	3,754,241	18,688,905	-	18,688,905
More than 180 days	1,036,826	-	1,036,826	-	-	-
	<b>350,809,641</b>	<b>-</b>	<b>350,809,641</b>	<b>223,972,326</b>	<b>-</b>	<b>223,972,326</b>

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that trade debts past due do not require any impairment except as provided in these consolidated financial statements. No trade debts are outstanding with related parties.

### 34.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

#### Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

	30 June 2018					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
	------(Rupees)-----					
Non-derivative financial liabilities						
Short term financing	1,439,632,009	(1,461,370,453)	(727,158,128)	(734,212,325)	-	-
Trade and other payables	230,062,708	(230,062,708)	(185,844,876)	(44,088,832)	(129,000)	-
Due to related parties	464,530,779	(466,566,926)	(466,566,926)	-	-	-
Liabilities against assets subject to finance lease	19,063,352	(19,429,114)	(1,198,978)	(2,397,955)	(10,790,799)	(5,041,382)
Accrued mark-up on short term financing	19,248,522	(19,248,522)	(19,248,522)	-	-	-
Unclaimed dividend	3,574,008	(3,574,008)	(3,574,008)	-	-	-
	<b>2,176,111,378</b>	<b>(2,200,251,731)</b>	<b>(1,403,591,438)</b>	<b>(780,699,112)</b>	<b>(10,919,799)</b>	<b>(5,041,382)</b>
	------(Rupees)-----					
	30 June 2017					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
Non-derivative financial liabilities						
Short term financing	28,395,236	(28,824,004)	(14,342,434)	(14,481,570)	-	-
Trade and other payables	231,032,082	(231,032,082)	(173,607,391)	(57,424,691)	-	-
Liabilities against assets subject to finance lease	22,193,106	(23,665,259)	(1,191,946)	(2,383,892)	(10,727,515)	(9,361,906)
Accrued mark-up on short term financing	587,567	(587,567)	(587,567)	-	-	-
Unclaimed dividend	1,420,509	(1,420,509)	(1,420,509)	-	-	-
	<b>283,628,500</b>	<b>(285,529,421)</b>	<b>(191,149,847)</b>	<b>(74,290,153)</b>	<b>(10,727,515)</b>	<b>(9,361,906)</b>

#### 34.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Group is exposed to all of the three risks which are as follows:

##### 34.4.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2018			
	Rupees	USD	SGD	JPY
Creditors	89,010,987	627,849	45,555	7,079,451
<b>Net balance sheet exposure</b>	<b>89,010,987</b>	<b>627,849</b>	<b>45,555</b>	<b>7,079,451</b>

	30 June 2017			
	Rupees	USD	SGD	JPY
Creditors	128,508,982	827,140	32,535	41,813,310
<b>Net balance sheet exposure</b>	<b>128,508,982</b>	<b>827,140</b>	<b>32,535</b>	<b>41,813,310</b>

The following significant exchange rates applied during the year:

	Average rate		Balance sheet date rate	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
USD to Pak Rupees	113.94	107.35	<b>123.02</b>	104.85
SGD to Pak Rupees	81.84	78.40	<b>87.49</b>	76.19
JPY to Pak Rupees	1.02	0.98	<b>1.10</b>	0.94

#### Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2018 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

As at 30 June 2018	30 June 2018		30 June 2017	
	Profit and loss (Rupees)	Equity	Profit and loss (Rupees)	Equity
Effect of change in USD	5,405,780	5,405,780	5,986,922	5,986,922
Effect of change in SGD	279,024	279,024	171,062	171,062
Effect of change in JPY	545,118	545,118	2,596,607	2,596,607
<b>Gross exposure</b>	<b>6,229,922</b>	<b>6,229,922</b>	8,754,591	8,754,591

The Group does not have any foreign currency borrowing as at 30 June 2018.

#### 34.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit or loss sharing account.

At balance sheet date, details of the interest rate profile of the Group's interest bearing financial instruments were as follows:

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

	30 June 2018	30 June 2017
	(Rupees)	
<b>Variable rate instruments</b>		
Financial assets	523,715,047	54,952,607
Financial liabilities	(1,439,632,009)	(28,395,236)
	<u>(915,916,962)</u>	<u>26,557,371</u>
<b>Fixed rate instruments</b>		
Financial assets	61,146,939	390,612,202
Financial liabilities	(19,063,352)	(22,193,106)
	<u>42,083,587</u>	<u>368,419,096</u>

Fair value sensitivity analysis of fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2017.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
<b>As at 30 June 2018</b>				
Cash flow sensitivity - variable rate instruments	6,411,419	(6,411,419)	6,411,419	(6,411,419)
<b>As at 30 June 2017</b>				
Cash flow sensitivity - variable rate instruments	183,246	(183,246)	183,246	(183,246)

### 34.4.3 Other price risk

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Group for which prices in the future are uncertain.

As at 30 June 2018, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2018. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2017: 1%) and decreased by 1% (30 June 2017: 1%), with all other variables held constant and that the fair value of the Group's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2017: three years).

The impact below arises from the reasonable possible change in the fair value of listed equity securities:



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

Effect on assets of an increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

30 June 2018                      30 June 2017

(Rupees)

Effect on investments  
Effect on profit and loss account  
Effect on equity

742,920	1,014,217
<u>420,301</u>	<u>486,740</u>
<u>322,620</u>	<u>527,477</u>

Effect on assets of an decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

Effect on investments  
Effect on profit and loss account  
Effect on equity

(742,920)	(1,014,217)
<u>(420,301)</u>	<u>(486,740)</u>
<u>(322,620)</u>	<u>(527,477)</u>

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Group's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Group's assets of future movements in the level of KSE 100 index.

#### 34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Group's staff have adequate training and experience and fosters effective communication related to operational risk management.

#### 35. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio of the Group is as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Debt	1,477,943,883	51,175,909
Total equity	3,653,394,058	3,402,578,692
Total capital	<u>5,131,337,941</u>	<u>3,453,754,601</u>
Gearing ratio	29:71	2:98

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

#### 36.1 Accounting classifications and fair values

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



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

30 June 2018

Note	Carrying amount						Fair value				
	Fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018											
Financial assets - measured at fair value											
Equity securities	9,081,400	32,261,953	-	-	-	-	41,343,353	41,343,353	-	-	41,343,353
Participation Term Certificates	32,948,685	-	-	-	-	-	32,948,685	32,948,685	-	-	32,948,685
Financial assets - not measured at fair value											
Associate - listed shares	-	-	-	-	399,117,546	-	399,117,546	294,486,436	-	-	294,486,436
Trade debts	36.1.1	-	-	350,809,641	-	-	350,809,641	-	-	-	-
Loans	36.1.1	-	-	20,408,650	-	-	20,408,650	-	-	-	-
Deposits and other receivables	36.1.1	-	-	81,509,288	-	-	81,509,288	-	-	-	-
Cash and bank balances	36.1.1	-	-	-	535,897,253	-	535,897,253	-	-	-	-
		<u>42,030,085</u>	<u>32,261,953</u>	<u>-</u>	<u>452,727,579</u>	<u>935,014,799</u>	<u>-</u>	<u>1,462,034,416</u>			
Financial liabilities - not measured at fair value											
Short term financing	36.1.1	-	-	-	-	1,439,632,009	1,439,632,009	-	-	-	-
Trade and other payables	36.1.1	-	-	-	-	267,699,066	267,699,066	-	-	-	-
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	19,063,352	19,063,352	-	-	-	-
Accrued mark-up on short term financing	36.1.1	-	-	-	-	19,248,522	19,248,522	-	-	-	-
Unclaimed dividend	36.1.1	-	-	-	-	3,574,008	3,574,008	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,749,216,957</u>	<u>1,749,216,957</u>				
30 June 2017											
Financial assets - measured at fair value											
Equity securities	7,161,104	52,747,744	-	-	-	-	59,908,848	59,908,848	-	-	59,908,848
Participation Term Certificates	47,527,425	-	-	-	-	-	47,527,425	47,527,425	-	-	47,527,425
Financial assets - not measured at fair value											
Associate - listed shares	-	-	-	390,907,283	-	-	390,907,283	440,756,579	-	-	440,756,579
Debt securities	-	-	248,118,146	-	-	-	248,118,146	-	234,033,098	-	234,033,098
Trade debts	36.1.1	-	-	223,972,326	-	-	223,972,326	-	-	-	-
Loans	36.1.1	-	-	72,774,746	-	-	72,774,746	-	-	-	-
Deposits and other receivables	36.1.1	-	-	17,147,178	-	-	17,147,178	-	-	-	-
Cash and bank balances	36.1.1	-	-	343,121,346	-	-	343,121,346	-	-	-	-
		<u>54,688,529</u>	<u>52,747,744</u>	<u>248,118,146</u>	<u>1,047,922,879</u>	<u>-</u>	<u>-</u>	<u>1,403,477,298</u>			
Financial liabilities - not measured at fair value											
Short term financing	36.1.1	-	-	-	-	28,395,236	28,395,236	-	-	-	-
Trade and other payables	36.1.1	-	-	-	-	231,032,082	231,032,082	-	-	-	-
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	22,193,106	22,193,106	-	-	-	-
Accrued mark-up on short term financing	36.1.1	-	-	-	-	587,567	587,567	-	-	-	-
Unclaimed dividend	36.1.1	-	-	-	-	1,420,509	1,420,509	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,628,500</u>	<u>283,628,500</u>				

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

## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

#### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group were as follows:

	30 June 2018				30 June 2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)							
Managerial remuneration	8,642,400	8,641,200	3,352,260	20,635,860	7,007,124	7,267,328	8,678,568	22,953,020
Housing and utilities	9,356,400	9,352,800	4,390,524	23,099,724	7,583,552	7,942,816	11,638,644	27,165,012
Bonus	4,158,000	3,975,000	1,703,080	9,836,080	5,200,000	5,400,000	6,772,405	17,372,405
Medical	608,192	2,928,678	207,157	3,744,027	536,848	738,379	1,681,624	2,956,851
Group's Contribution to retirement benefits funds	504,000	230,400	147,648	882,048	700,352	174,468	434,208	1,309,028
	<b>23,268,992</b>	<b>25,128,078</b>	<b>9,800,669</b>	<b>58,197,739</b>	<b>21,027,876</b>	<b>21,522,991</b>	<b>29,205,449</b>	<b>71,756,316</b>
Number of persons	1	2	2	5	1	2	2	5

37.1 The aggregate amount paid to directors in respect of attending board and other meetings was Nil (2017: Nil).

37.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements. The approximate aggregate value of this benefit is Rs. 32.55 million (30 June 2017: Rs.25.21 million).

37.3 Executives represent those employees (other than the chief executive and directors), whose basic salaries exceed twelve hundred thousand rupees (Rs. 1.2 million) in a financial year.

37.4 There are nine directors including chief executive. Remuneration has been paid to two directors.

#### 38 PROVIDENT FUND

The following information is based on latest audited financial statements of the fund:

	30 June 2018 (Audited)	30 June 2017 (Audited)
Size of the Fund	<b>65,520,542</b>	<b>73,772,442</b>
Cost of investment made	<b>57,460,495</b>	<b>36,312,716</b>
Fair value / amortised cost of investments	<b>58,373,463</b>	<b>37,815,792</b>
Percentage of investments made - based on fair value / amortised cost	<b>89.09%</b>	<b>51.26%</b>

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2018 (Audited)	30 June 2017 (Audited)	30 June 2018 (Audited)	30 June 2017 (Audited)
	(Rupees)		(% of the size of the fund)	
Term finance certificates	140,000	140,000	0.21%	0.19%
Mutual funds	12,760,854	2,048,614	19.48%	2.78%
Government bonds	41,632,355	31,170,024	63.54%	42.25%
Equity securities	3,840,254	4,457,154	5.86%	6.04%
	<b>58,373,463</b>	<b>37,815,792</b>	<b>89.09%</b>	<b>51.26%</b>



## Notes to the Consolidated Financial Statements

### For the year ended 30 June 2018

The above investments out of provident fund have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### 39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

#### 40. NUMBER OF EMPLOYEES

	30 June 2018	30 June 2017
	Numbers	
Total number of employees at reporting date	<u>1,616</u>	<u>1,451</u>
Total number of factory employees at reporting date	<u>1,372</u>	<u>1,226</u>
Average number of employees during the year	<u>1,534</u>	<u>1,409</u>
Average number of factory employees during the year	<u>1,299</u>	<u>1,162</u>

#### 41. OPERATING SEGMENTS

41.1 The financial information has been prepared on the basis of a single reportable segment.

41.2 Geographically, all the sales were carried out in Pakistan.

41.3 All non-current assets of the Group as at 30 June 2018 are located in Pakistan.

41.4 Sales to four major customers of the Group is around 86.9% during the year ended 30 June 2018 (30 June 2017: 87.8%).



## Notes to the Consolidated Financial Statements

For the year ended 30 June 2018

### 42 GENERAL

#### 42.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up except for balance in saving accounts. Bank balances are placed with conventional banks in current and saving accounts. Other disclosures are included in notes 13 and 28.

#### 42.2 Events after the end of the reporting date

The directors in their meeting held on 1st October 2018 , have recommended final dividend of Rs. Nil per share (2017: Re. 1 per share) in respect of year ended 30 June 2018 and have announced issue of bonus shares at the rate Nil (30 June 2017: 10%). Bonus shares will not be entitled to cash dividend.

#### 42.3 Authorisation for issue

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on 1st October 2018 .

Chief Officer



Chief Executive



Director





# UNCONSOLIDATED FINANCIAL STATEMENTS



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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### INDEPENDENT AUDITORS' REPORT

To the members of Loads Limited

#### Report on the Audit of Unconsolidated Financial Statements

##### Opinion

We have audited the annexed unconsolidated financial statements of **Loads Limited** (the Company), which comprise the unconsolidated statement of financial position as at 30 June 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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KPMG Taseer Hadi & Co.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p data-bbox="488 1024 735 1056"><b>Revenue Recognition</b></p> <p data-bbox="488 1073 820 1157">Refer notes 3.13 and 24 to the unconsolidated financial statements.</p> <p data-bbox="488 1178 855 1262">The Company's revenue for the year ended 30 June 2018 was Rs. 4,889.7 million.</p> <p data-bbox="488 1283 863 1461">The Company's revenue is principally generated from the sale of radiators, exhaust systems and other components for automotive industry (collectively referred as "Products").</p> <p data-bbox="488 1482 863 1839">The timing of revenue recognition depends on the terms of individual sales transactions and revenue is generally recognized when the Products leave the Company warehouses. Accordingly, there is a risk that revenue is recognized for sales of individual products before the significant risks and rewards of ownership of the goods sold have passed to the customers.</p> <p data-bbox="488 1860 855 1976">We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the</p>	<p data-bbox="890 1073 1287 1157">Our audit procedures to assess the recognition of revenue, amongst others, included the following:</p> <ul data-bbox="890 1178 1287 1976" style="list-style-type: none"> <li data-bbox="890 1178 1287 1356">• assessed the design, implementation and operating effectiveness of the key internal controls over the Company's systems which govern the revenue recognition;</li> <li data-bbox="890 1377 1287 1556">• inspected sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue;</li> <li data-bbox="890 1577 1287 1839">• compared revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies;</li> <li data-bbox="890 1860 1287 1976">• compared on a sample basis, revenue transactions recorded just before and after the year end with the underlying goods</li> </ul>

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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>Company and therefore there is an inherent risk that revenue could be recorded in an incorrect period or could be subject to manipulation in order to achieve financial targets and expectations.</p>	<p>delivery notes and other relevant documents to assess whether the revenue had been recognized in the appropriate accounting period; and</p> <ul style="list-style-type: none"> <li>• inspected manual journal entries relating to revenue which were raised during the year, enquired of management the reasons for such adjustments and inspected underlying documents on sample basis.</li> </ul>
2.	<p><b>Assessing the carrying value of the investment in associate</b></p> <p>Refer note 3.12 and 6.2 to the unconsolidated financial statements.</p> <p>The carrying value of the Company's investment in associate as at 30 June 2018 was Rs. 342.2 million, which exceeded the market value at that date and lower than the asset's value in use.</p> <p>As at 30 June 2018, management conducted an impairment test to assess the recoverability of the carrying value of the investment in associate. This was performed using a discounted cash flow model to calculate the asset's value in use. A number of key judgements were made in determining the inputs into discounted cash flow model which included expected future cash flows, growth rate and the discount rate applied to the cash flows.</p>	<p>Our audit procedures to assess the carrying value of the investment in associate, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• engaged our internal valuation specialists to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis relating to growth rate and the discount rate used to derive the recoverable amount of the investment in associate;</li> <li>• evaluated the discounted cash flow prepared by management and considered the possibility of error or management bias; and</li> <li>• considered whether the disclosures in the unconsolidated financial statements in respect of the impairment assessment reflected the risks inherent in the key assumptions with</li> </ul>



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S. No.	Key audit matters	How the matter was addressed in our audit
3.	<p data-bbox="477 716 852 1188"><b>Valuation of Stock in trade</b></p> <p data-bbox="477 716 852 1188">We identified assessing the carrying value of the investment in associate as a key audit matter because of its significance to the unconsolidated financial statements and because assessing the key impairment assumptions involves a significant degree of management judgement, which may affect both the carrying value of the Company's investment in associate as well as any impairment charge for the year, and may be subject to management bias.</p> <p data-bbox="477 1262 852 1339">Refer notes 3.7 and 7 to the unconsolidated financial statements.</p> <p data-bbox="477 1367 852 1507">The balance of gross stock-in-trade at 30 June 2018 is Rs. 1,667.6 million, against which an obsolescence provision of Rs. 4.9 million is held.</p> <p data-bbox="477 1535 852 1703">The Company reviews its finished goods inventory on a regular basis and, where appropriate, makes provision for obsolete inventory based on estimates of future sales activity.</p> <p data-bbox="477 1730 852 1963">Management's judgement is required to assess the appropriate level of provisioning required for the inventories, including the assessment of available facts and circumstances, the stock-in-trade own physical conditions, the market selling prices and</p>	<p data-bbox="879 716 1251 800">reference to the requirements of the relevant accounting standards.</p> <p data-bbox="879 1262 1251 1346">Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:</p> <ul data-bbox="879 1367 1251 1934" style="list-style-type: none"> <li data-bbox="879 1367 1251 1598">• attended management's inventory counts and observed the process at material inventory locations, including observing the process implemented by management to identify and monitor obsolete stock;</li> <li data-bbox="879 1625 1251 1793">• assessed the adequacy of the allowance for obsolescence, by taking into consideration the status of the ageing and conditions of the inventories and historical usage pattern;</li> <li data-bbox="879 1820 1251 1934">• re-calculated the allowance for inventory obsolescence in accordance with the Company's policy;</li> </ul>



## KPMG Taseer Hadi &amp; Co.

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>estimated selling costs of the stock-in-trade.</p> <p>We focused on this area as the stock-in-trade is material to the Company's unconsolidated financial statements and the determination of allowance for inventory obsolescence involves significant management's judgement and estimation.</p>	<ul style="list-style-type: none"> <li>• considered the historical accuracy of provisions made by the Company's by examining the reversal of previously recorded provisions; and</li> <li>• assessed the adequacy of the related disclosures in the notes to the unconsolidated financial statements.</li> </ul>
4.	<p><b>Credit risk concentration and recoverability of Trade Debts</b></p> <p>Refer notes 3.8 and 6 to the unconsolidated financial statements.</p> <p>As at 30 June 2018, the Company's trade debts were Rs. 350.8 million against which no allowance for doubtful debts was recorded.</p> <p>The top 4 customers of the Company constituted approximately 84% of the outstanding trade debts as at 30 June 2018.</p> <p>Company assessed the recoverability of trade debts with reference to the credit history of the customers, the length of relationship with the customer and the customer's repayment history and known market factors.</p> <p>We identified this as a key audit matter as there is a risk that some of the trade debtors may not be recoverable and, therefore, judgement is required to evaluate</p>	<p>Our audit procedures to assess the credit risk concentration and recoverability of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• tested the ageing report of the trade debts for its accuracy and reliability;</li> <li>• reviewed the ageing analysis of and assessed the recoverability of significant and long overdue balances, with reference to sales and payment track records;</li> <li>• examined subsequent receipts from the customers, or where there were no subsequent receipts, analyzed their payment track records to assess the recoverability of the outstanding trade debts; and</li> <li>• evaluated management assumptions used to determine provision for doubtful debts / impairment loss with reference to turnover days, historical</li> </ul>

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S. No.	Key audit matters	How the matter was addressed in our audit
	whether any allowance should be made to reflect the risk.	collection pattern, and the broader industry factors.

#### **Information Other than the Unconsolidated Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

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### **Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

14/05/2018



#### KPMG Taseer Hadi & Co.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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The engagement partner on the audit resulting in this independent auditors' report is Aryn Malik.

Date: 1 October 2018

Karachi

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

## Unconsolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018	30 June 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	623,616,093	543,670,690
Intangible assets	5	2,248,940	2,088,635
Long term investments	6	1,502,195,065	1,077,885,976
Long term loans and receivables	9	18,257,596	27,386,282
Employee benefits - gratuity	20.2	5,317,208	-
		<b>2,151,634,902</b>	<b>1,651,031,583</b>
<b>Current assets</b>			
Stores and spares	25.2	29,276,306	38,631,402
Stock-in-trade	7	1,662,758,743	1,181,967,494
Trade debts - net	8	350,809,641	223,972,326
Loans and advances	10	146,214,779	84,750,940
Deposits, prepayments and other receivables	11	224,544,009	186,635,679
Current maturity of long term receivables	9	47,104,408	33,547,375
Due from related parties	22	518,518,738	12,992,725
Taxation - net	12	146,796,591	162,615,180
Investments	13	66,083,341	101,421,742
Cash and bank balances	14	8,959,843	215,971,176
		<b>3,201,066,399</b>	<b>2,242,506,039</b>
<b>Total assets</b>		<b>5,352,701,301</b>	<b>3,893,537,622</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised capital</b>			
200,000,000 (30 June 2017: 200,000,000) ordinary shares of Rs.10 each	17	2,000,000,000	2,000,000,000
<b>Share capital</b>			
Issued, subscribed and paid up capital	17	1,512,500,000	1,375,000,000
Share premium		1,095,352,578	1,095,352,578
<b>Capital reserve</b>			
Unrealised gain on re-measurement of available-for-sale investments	13.2.1	15,068,260	35,554,051
<b>Revenue reserve</b>			
Unappropriated profit		434,398,893	637,288,686
		<b>3,057,319,731</b>	<b>3,143,195,315</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities against assets subject to finance lease	18	5,014,204	8,935,018
Deferred tax liabilities	19	49,060,762	44,277,457
Employee benefits - gratuity	20.2	-	287,395
		<b>54,074,966</b>	<b>53,499,870</b>
<b>Current liabilities</b>			
Current maturity of liabilities against assets subject to finance lease	18	14,049,148	13,258,088
Short term financing	21	1,439,632,009	28,395,236
Due to related parties	22	464,530,779	392,183,088
Trade and other payables	23	300,272,138	260,997,949
Unclaimed dividend		3,574,008	1,420,509
Accrued mark-up on short term financing		19,248,522	587,567
		<b>2,241,306,604</b>	<b>696,842,437</b>
<b>Total equity and liabilities</b>		<b>5,352,701,301</b>	<b>3,893,537,622</b>

### CONTINGENCIES AND COMMITMENTS

15

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

Chief Financial Officer

Chief Executive

Director

## Unconsolidated Statement of Profit or Loss

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
<b>(Rupees)</b>			
Revenue	24	4,889,663,855	4,405,126,503
Cost of sales	25	(4,516,301,503)	(3,962,997,013)
<b>Gross profit</b>		<b>373,362,352</b>	<b>442,129,490</b>
Administrative, selling and general expenses	26	(175,151,721)	(163,110,365)
		<b>198,210,631</b>	<b>279,019,125</b>
Other expenses	27	(24,681,022)	(21,875,560)
Other income	28	70,464,505	69,719,563
		<b>45,783,483</b>	<b>47,844,003</b>
<b>Operating profit</b>		<b>243,994,114</b>	<b>326,863,128</b>
Finance costs	29	(110,203,734)	(67,732,343)
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - at initial recognition	13.1	(6,995,475)	13,793,162
<b>Profit before taxation</b>		<b>126,794,905</b>	<b>272,923,947</b>
Taxation	30	(46,439,075)	(43,342,458)
<b>Profit for the year</b>		<b>80,355,830</b>	<b>229,581,489</b>

**Earnings per share - basic and diluted - unconsolidated** 31 **0.53** (Restated) 1.73

**Earnings per share - basic and diluted - consolidated** 31 **1.02** (Restated) 2.31

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

Chief Financial Officer

Chief Executive

Director

## Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
(Rupees)			
Profit for the year		80,355,830	229,581,489
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss			
Unrealised (loss) / gain on re-measurement of available-for-sale investments	13.2.1	(20,485,791)	9,920,314
Items that will not be reclassified to profit or loss			
Loss on re-measurement of defined benefit liability	20.2.4	(11,613,554)	(3,548,495)
Related tax	19.2	3,367,931	1,064,549
		(8,245,623)	(2,483,946)
<b>Total comprehensive income for the year</b>		<b>51,624,416</b>	<b>237,017,857</b>

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



Chief Financial Officer



Chief Executive




Director

## Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2018

Note	Share capital		Capital reserve	Revenue reserve	Total equity	
	Issued, subscribed and paid up capital	Share premium	Unrealised gain on re-measurement of available-for-sale investments	Unappropriated profit		
(Rupees)						
Balance at 1 July 2016	750,000,000	-	25,633,737	660,191,143	1,435,824,880	
Transactions with owners directly recognised in equity	-	-	-	-	-	
Dividend paid	-	-	-	-	-	
<b>Total comprehensive income for the year ended 30 June 2017</b>						
Profit for the year	-	-	-	229,581,489	229,581,489	
Other comprehensive income	-	-	9,920,314	(2,483,946)	7,436,368	
	-	-	9,920,314	227,097,543	237,017,857	
<b>Transactions with owners of the Company</b>						
Contributions and distributions						
Issue of 50,000,000 ordinary shares at the rate of Rs. 34 per share	17	500,000,000	1,200,000,000	-	1,700,000,000	
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2016		-	-	(125,000,000)	(125,000,000)	
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		125,000,000	-	(125,000,000)	-	
		625,000,000	1,200,000,000	(250,000,000)	1,575,000,000	
Preliminary expenses written off during the year	16	-	(104,647,422)	-	(104,647,422)	
<b>Balance at 30 June 2017</b>		<b>1,375,000,000</b>	<b>1,095,352,578</b>	<b>35,554,051</b>	<b>637,288,686</b>	<b>3,143,195,315</b>
<b>Total comprehensive income for the year ended 30 June 2018</b>						
Profit for the year	-	-	-	80,355,830	80,355,830	
Other comprehensive income	-	-	(20,485,791)	(8,245,623)	(28,731,414)	
	-	-	(20,485,791)	72,110,207	51,624,416	
<b>Transactions with owners of the Company</b>						
Contributions and distributions						
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2017		-	-	(137,500,000)	(137,500,000)	
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		137,500,000	-	(137,500,000)	-	
		137,500,000	-	(275,000,000)	(137,500,000)	
<b>Balance at 30 June 2018</b>		<b>1,512,500,000</b>	<b>1,095,352,578</b>	<b>15,068,260</b>	<b>434,398,893</b>	<b>3,057,319,731</b>

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



Chief Financial Officer



Chief Executive



Director

## Unconsolidated Statement of Cash Flows

For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		126,794,905	272,923,947
<b>Adjustments for non-cash income and expenses:</b>			
Depreciation of property, plant and equipment	4.1	91,339,159	83,264,704
Amortization of intangible assets	5	968,122	441,961
Allowance for inventory obsolescence	7.1	3,265,920	1,623,406
Finance costs	29	66,639,366	60,015,291
Provision for gratuity	20.2.3	1,718,497	1,588,046
Gain on disposal of property, plant and equipment	28	(25,447,982)	(24,383,164)
Loss on sale of investments	27	14,559,635	-
Mark-up income on investments	28	(35,958,065)	(29,934,557)
Dividend income	28	(2,396,725)	(10,025,622)
Un-winding of mark-up on long term receivables	28	(3,514,240)	(1,105,361)
Mark-up income on loan to employees	28	(1,285,422)	(1,172,439)
Mark-up income on loan to subsidiary	28	(7,257,499)	-
Unrealized loss / (gain) on re-measurement of investment classified as 'at fair value through profit or loss' - at initial recognition	13.1	6,995,475	(13,793,162)
		<b>236,421,146</b>	<b>339,443,050</b>
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		9,355,096	12,578,590
Stock-in-trade		(484,057,169)	(76,526,578)
Trade debts - net		(126,837,315)	(10,083,659)
Loans and advances		(61,463,839)	47,508,496
Deposits, prepayments and other receivables		(38,822,437)	(12,739,041)
		<b>(701,825,664)</b>	<b>(39,262,192)</b>
<b>Increase in current liabilities</b>			
Due to related parties - net		47,172,002	66,846,625
Trade and other payables		37,969,209	137,062,296
		<b>85,141,211</b>	<b>203,908,921</b>
<b>Cash (used in) / generated from operations</b>		<b>(380,263,307)</b>	<b>504,089,779</b>
Mark-up paid		(26,083,282)	(51,381,946)
Gratuity paid		(18,936,654)	-
Mark-up received from loan to employees		1,285,422	1,172,439
Income taxes paid - net		(22,469,250)	(53,236,055)
<b>Net cash (used in) / generated from operating activities</b>		<b>(446,467,071)</b>	<b>400,644,217</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(167,599,427)	(188,497,476)
Payments for acquisition of intangible assets		(1,128,427)	(1,782,602)
Payments for acquisition of investments		(55,003,466)	(192,958,596)
Proceeds from disposal / redemption of investments		233,951,877	-
Investment in subsidiary		(609,960,000)	(250,000,000)
Mark-up received		28,700,566	29,934,557
Dividends received		2,396,725	10,025,622
Loan to subsidiary	22.1.1	(495,000,000)	-
Proceeds from disposal of property and equipment		40,443,257	10,719,876
<b>Net cash used in investing activities</b>		<b>(1,023,198,895)</b>	<b>(582,558,619)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments against finance lease obligation		(22,851,639)	(24,848,224)
Proceeds from issuance of ordinary shares		-	1,700,000,000
Preliminary expenses	16	-	(104,647,422)
Dividend paid		(135,346,501)	(123,579,491)
Loan from subsidiaries / (repayment of loan to subsidiaries)		9,616,000	(1,300,000)
<b>Net cash (used in) / generated from financing activities</b>		<b>(148,582,140)</b>	<b>1,445,624,863</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(1,618,248,106)</b>	<b>1,263,710,461</b>
Cash and cash equivalents at beginning of the year		187,575,940	(1,076,134,521)
<b>Cash and cash equivalents at end of the year</b>	33	<b>(1,430,672,166)</b>	<b>187,575,940</b>

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



Chief Financial Officer



Chief Executive



Director

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 1. CORPORATE AND GENERAL INFORMATION

#### 1.1 Legal status and operations

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

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

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

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

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

Name of the Company	Incorporation date	Effective Holding %		Principle line of business
		30 June 2018	30 June 2017	
<b>Subsidiaries</b>				
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	91%	100%	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	92%	100%	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	100%	100%	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations have been ceased from 1 July 2015.
Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited)	13 January 2017	80%	100%	It will manufacture alloy wheels of various specifications and sell them to local car assemblers.
<b>Associate</b>				
Treet Corporation Limited	22 January 1977	5.42%	5.46%	Manufacture and sale of razors, razorblades and other trading activities

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

#### 1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Made further investment amounting to Rs. 610 million in the ordinary shares of Hi-Tech Alloy Wheels Limited (HAWL), a subsidiary company (Refer note 6).

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

- Issued bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held) (Refer note 17.4).
- Arranged short-term running finance facilities from different banks with the sanctioned limit of Rs. 1,640 million (Refer note 21).
- Disbursed loan amounting to Rs. 495 million to Hi-Tech Alloy Wheels Limited (HAWL), a subsidiary company (Refer note 22.1).
- Dilution of ownership in subsidiaries (note 6.1), by not subscribing to the right shares issued by subsidiaries.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, few additional disclosures are included in the notes 1.1, 1.2, 4.1, 15.1.1, 17.5, 22.1.2, 25.5, 26.2, 30.6, 32 and 40.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

2.1.1 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 comprises of:

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

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

2.1.2 The Companies Act, 2017, was enacted on May 30, 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no. 23 of 2017 dated 4 October 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 31 December 2017.

#### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for investments classified as "investment at fair value through profit or loss" and "available for sale" which are stated at fair value and provision for staff gratuity which is stated at present value.

#### 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

#### 2.4 Key judgments and estimates

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the unconsolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property, plant and equipment (notes 3.1 and 4);
- Intangible assets (notes 3.2 and 5);
- Provision for impairment of stock-in-trade and stores and spares (notes 3.6, 3.7 and 7);
- Taxation (notes 3.14, 12 and 30);
- Provision for impairment of financial and non-financial assets (note 3.5.5 and 6.2.2.1);
- Employees' benefits and compensated absences (notes 3.3 and 20);
- Classification and valuation of financial instruments (note 3.5); and
- Contingencies (note 15)

#### 2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property [(Amendments to IAS 40 'Investment Property' (effective for annual periods beginning on or after 1 January 2018)] clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's unconsolidated financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### 3.1 Property, plant and equipment

##### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

##### Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss account as incurred.

##### Depreciation

Depreciation charge is based on the reducing balance method at the rates specified in note 4.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

##### Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit or loss account.

##### Assets subject to finance lease



## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy for property, plant and equipment. The finance cost is charged to profit or loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

### 3.2 Intangible assets

Intangible assets that are acquired by the Company and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 5 and is recognised in profit or loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

### 3.3 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Company operates a funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

### 3.4 Trade and other payables

Trade payable and other liabilities are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

### 3.5 Financial instruments

The Company classifies its financial assets into financial assets at 'fair value through profit or loss', 'available for sale', 'held-to-maturity' and 'loans and receivables'.

The Company classifies its financial liabilities into the other financial liabilities category.

#### 3.5.1 Financial assets and financial liabilities - recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

#### 3.5.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when, and only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

#### 3.5.3 Financial assets - measurement

##### a) Financial assets at fair value through profit or loss

A financial asset is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial assets are designated as 'at fair value through profit or loss' if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in profit or loss account.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

### b) Available for sale

These assets are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

### c) Held-to-maturity

These assets are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

### d) Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

### 3.5.4 Financial liabilities - measurement

All financial liabilities are initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

### 3.5.5 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

securities are impaired. Impairment loss on investment is recognised in the profit or loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit or loss are not reversed subsequently in the profit or loss.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 3.6 Stores, spares and consumables

These are stated at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

### 3.7 Stock-in-trade

Stock-in-trade is stated at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the cost necessary to be incurred to make the sale.

### 3.8 Trade debts, loans, advances, deposits and other receivables

These are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Loans, advances and other receivables considered irrecoverable are written off.

### 3.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Company, which are repayable on demand form an integral part of the Company's cash management and are included as part of cash and cash equivalents for the purpose of the unconsolidated cash flow statement.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 3.10 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees (Rs. / Rupees) at the rates of exchange ruling on the reporting date. Exchange differences are included in the profit or loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

### 3.11 Investment in subsidiary

Investment in subsidiary company is stated at cost less provision for impairment, if any. These are classified as long term investment.

### 3.12 Investment in associate

Investment in associate is stated at cost less provision for impairment, if any. These are classified as long term investment.

### 3.13 Revenue recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.
- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.
- Mark-up on bank deposit is recognised on time apportioned basis using effective interest rate method.
- Gains / (losses) arising on sale of investments are included in the profit or loss account in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in profit or loss account in the period in which they arise.
- Dividend income is recognised when the right to receive dividend is established.

### 3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

#### Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

#### Deferred tax

Deferred tax is recognised using balance sheet method, in respect of 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 realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 3.15 Provisions

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

### 3.16 Dividend distribution and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 21.

### 3.17 Segment accounting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

The segment information is not generated by the Company and the Chief Executive reviews the Company as a single entity. Hence, segment disclosures are not included in these financial statements.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2018	30 June 2017
(Rupees)			
Operating property, plant and equipment	4.1	604,432,210	512,393,898
Capital work-in-progress	4.2	19,183,883	31,276,792
		<b>623,616,093</b>	<b>543,670,690</b>

### 4.1 Operating property, plant and equipment

	30 June 2018				Rate	30 June 2018				Net book value as at 30 June 2018		
	As at 01 July 2017	Additions / transfers	Cost Transfer from leased assets (Rupees)	(Disposals)		As at 30 June 2018	As at 01 July 2017	For the year	Accumulated depreciation Transfer from leased assets (Rupees)		(Disposals)	As at 30 June 2018
<b>Owned</b>												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	25,080,000		
Leasehold land (note 4.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	1,089,774		
Building on leasehold land	78,009,904	8,862,164	-	-	86,872,068	5	23,972,064	2,866,497	-	26,838,561	60,033,507	
Plant and machinery (note 4.1.4)	518,771,282	122,427,829	-	-	641,199,111	10-20	246,647,001	34,113,944	-	280,760,945	360,438,166	
Tools and equipment	281,810,193	38,774,328	-	(16,408,577)	304,175,944	10-35	183,344,830	39,163,729	-	(5,166,850)	217,341,709	86,834,235
Furniture, fittings and office equipment	36,617,720	5,039,015	-	-	41,656,735	10-30	24,964,639	3,276,358	-	-	28,240,997	13,415,738
Vehicles	17,024,809	4,589,000	16,404,350	(8,093,691)	29,924,468	20	12,614,716	1,310,779	(5,581,202)	(4,340,143)	4,004,150	25,920,318
<b>Leased</b>												
Vehicles	77,807,915	18,680,410	(16,404,350)	-	80,083,975	20	32,274,449	10,607,852	5,581,202	-	48,463,503	31,620,472
	<b>1,036,211,597</b>	<b>198,372,746</b>	<b>-</b>	<b>(24,502,268)</b>	<b>1,210,082,075</b>		<b>523,817,699</b>	<b>91,339,159</b>	<b>-</b>	<b>(9,506,993)</b>	<b>605,649,865</b>	<b>604,432,210</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

	Cost					Rate	30 June 2017					Net book value as at 30 June 2017
	As at 01 July 2016	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2017		As at 01 July 2016	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2017	
	(Rupees)						(Rupees)					
<b>Owned</b>												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land (note 4.1.1)	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	54,230,689	23,779,215	-	-	78,009,904	5	22,229,391	1,742,673	-	23,972,064	-	54,037,840
Plant and machinery (note 4.1.4)	421,593,904	98,227,378	-	(1,050,000)	518,771,282	10-20	221,609,108	25,853,544	-	(815,651)	-	272,124,281
Tools and equipment	231,509,418	102,039,175	-	(51,738,400)	281,810,193	10-35	148,541,117	41,412,122	-	(6,608,409)	-	98,465,363
Furniture, fittings and office equipment	34,238,511	2,379,209	-	-	36,617,720	10-30	21,839,629	3,125,010	-	-	-	11,653,081
Vehicles	17,832,809	-	-	(808,000)	17,024,809	20	12,229,912	1,096,016	-	(711,212)	-	4,410,093
<b>Leased</b>												
Vehicles	67,702,667	10,105,248	-	-	77,807,915	20	22,239,110	10,035,339	-	-	-	45,533,466
	<b>853,277,772</b>	<b>236,530,225</b>	<b>-</b>	<b>(53,596,400)</b>	<b>1,036,211,597</b>		<b>448,688,267</b>	<b>83,264,704</b>	<b>-</b>	<b>(8,135,272)</b>	<b>523,817,699</b>	<b>512,393,898</b>

**4.1.1** Freehold land represents a plot in Lahore measuring 23 Kanals 18 Marlas and held by the Company for the expansion of business in future. Currently, this plot of land is not being used. Leasehold land represents total area of 8,888.88 square yards.

**4.1.2** Finance lease liability in respect of assets held under finance lease is secured by 20% of lease facility amount as down payment / security deposit. Vehicles are registered in the name of the lessor (Bank Al Habib Limited) (note 18).

**4.1.3** Freehold land and buildings are subject to a first equitable mortgage against the running finance facility of Rs. 300 million (30 June 2017: 300 million) obtained from JS Bank Limited (note 21). This charge existed at 30 June 2018.

**4.1.4** Plant and machinery are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 100 million (30 June 2017: Rs. 534 million and Rs. 100 million) respectively. These charges are against different financing facilities obtained from various banks (note 21) and existed at 30 June 2018.

**4.1.5** There are no fully depreciated assets at the reporting date as the Company is following reducing balance method.

**4.1.6** Depreciation has been allocated as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Cost of sales	25	<b>83,649,060</b>	76,257,747
Administrative, selling and general expenses	26	<b>7,690,099</b>	7,006,957
		<b>91,339,159</b>	83,264,704

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 4.1.7 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

Asset	30 June 2018					Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal			
<b>Owned</b>	(Rupees)							
<b>Tools and equipment</b>								
Dies (refer note 9)	16,408,577	5,166,850	11,241,727	35,765,768	24,524,041	Pak Suzuki - Karachi	Negotiation	Customer
<b>Vehicles</b>								
Faw Truck Ks-4353	767,241	532,383	234,858	560,000	325,142	M. Arif	Negotiation	Customer
Mehran Vxr Atm-619	514,000	415,010	98,990	307,000	208,010	Muhammad Yasin - Karachi	Negotiation	Employee
Mehran Vxr Ayc-357	567,350	379,698	187,652	187,652	-	Khalid Aziz	Company Policy	Employee
Mehran Vxr Ayc-360	567,350	379,698	187,652	187,652	-	Javed Ansari	Company Policy	Employee
Mehran Vxr Ayc-361	567,350	379,698	187,652	187,652	-	Shahid Ahmed Siddiqui	Company Policy	Employee
Mehran Vxr Ayc-364	567,350	379,698	187,652	187,652	-	Khalil Farooqi	Company Policy	Employee
Mehran Vxr Ayc-365	567,350	379,698	187,652	187,652	-	Muhammed Asif	Company Policy	Employee
Mehran Vxr Ayc-368	567,350	379,698	187,652	187,652	-	Shehzad Qadri	Company Policy	Employee
Mehran Vxr Ayc-369	567,350	379,698	187,652	187,652	-	Rafia Yousuf	Company Policy	Employee
Swift Bdm-961	1,466,000	620,281	845,719	1,213,000	367,281	Javed Hashim	Negotiation	Customer
Swift Bkm-576	1,375,000	114,583	1,260,417	1,283,925	23,508	IGI-Insurance	Insurance claim	Insurance Company
	<b>24,502,268</b>	<b>9,506,993</b>	<b>14,995,275</b>	<b>40,443,257</b>	<b>25,447,982</b>			

### 4.2 Capital work-in-progress

	Note	30 June 2018	30 June 2017
		(Rupees)	
Tools and equipment		<b>15,192,680</b>	29,626,370
Advance against capital expenditure		<b>3,991,203</b>	1,650,422
	4.2.1	<b>19,183,883</b>	31,276,792

### 4.2.1 Movement in capital work-in-progress is as follows:

Balance at beginning of the year	<b>31,276,792</b>	69,204,293
Additions during the year	<b>29,827,837</b>	43,132,557
Transferred to operating property, plant and equipment	<b>(41,920,746)</b>	(81,060,058)
Balance at end of the year	<b>19,183,883</b>	31,276,792

### 5. INTANGIBLE ASSETS

	30 June 2018									
	Cost			Useful life	Amortization			Net book value as at 30 June 2018		
	As at 1 July 2017	Addition	(Disposals)		As at 30 June 2018	For the year	(Disposals)		As at 30 June 2018	
	(Rupees)			(Years)	(Rupees)					
Computer software and licenses	14,847,727	1,128,427	-	15,976,154	3	12,759,092	968,122	-	13,727,214	2,248,940
	30 June 2017									
	As at 1 July 2016	Addition	(Disposals)	As at 30 June 2017	Useful life	As at 1 July 2016	For the year	(Disposals)	As at 30 June 2017	Net book value as at 30 June 2017
	(Rupees)			(Years)	(Rupees)					
Computer software and licenses	13,065,125	1,782,602	-	14,847,727	3	12,317,131	441,961	-	12,759,092	2,088,635

**5.1** The cost fully amortised intangible amounts to Rs. 12.185 million (30 June 2017: Rs. 12.185 million).

**5.2** Computer software relate to the SAP business license.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 6. LONG TERM INVESTMENTS

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>Investments in subsidiary companies - unquoted</b>	6.1	<b>1,184,960,000</b>	575,000,000
Less: Provision for impairment in SMPL	6.1.4	<b>(25,000,000)</b>	(25,000,000)
Net investment in subsidiary companies		<b>1,159,960,000</b>	550,000,000
 <b>Investment in associate - listed</b>			
Treet Corporation Limited	6.2	<b>342,235,065</b>	334,652,655
 <b>Held to maturity</b>			
Investment in Pakistan Investment Bonds	6.3	-	193,233,321
		<b>1,502,195,065</b>	<b>1,077,885,976</b>

#### 6.1 Investment in subsidiary companies

30 June 2018 (Number of shares)	30 June 2017	Note	30 June 2018 (% of holding)	30 June 2017	30 June 2018 (Rupees)	30 June 2017
17,500,000	17,500,000	6.1.1	91%	100%	175,000,000	175,000,000
7,500,000	7,500,000	6.1.2	92%	100%	75,000,000	75,000,000
85,996,000	25,000,000	6.1.3	80%	100%	859,960,000	250,000,000
7,500,000	7,500,000	6.1.4	100%	100%	75,000,000	75,000,000
					<b>1,184,960,000</b>	<b>575,000,000</b>

**6.1.1** In the month of February, SAIL passed a special resolution and offered 15 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs. 10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of SAIL to offer the shares to others as advised by the Board of SAIL. On 21 March 2018, the Board of SAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment was filed on 25 April 2018. As at 30 June 2018, the break-up value of SAIL was Rs. 15.96 per share (30 June 2017: Rs. 17.86 per share).

**6.1.2** In the month of February, MAIL passed a special resolution and offered 5 million ordinary shares through a right issue to the existing shareholders in the proportion of their shareholding, at an exercise price of Rs.10 per share (i.e. face value). The existing shareholders (including Loads Limited) renounced the offer on 16 March 2018 and empowered the Board of MAIL to offer the shares to others as advised by the Board of MAIL. On 21 March 2018, the Board of MAIL passed a resolution and offered the shares to Hi-Tech Alloy Wheels Limited (HAWL) at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. HAWL fully subscribed the offer and on 23 April 2018, the shares were issued to HAWL. The return of allotment was filed on 25 April 2018. As at 30 June 2018, the break-up value of MAIL was Rs. 19.13 per share (30 June 2017: Rs. 20.22 per share).

**6.1.3** During the year, HAWL offered 81 million ordinary shares through right issue (first right issue) to the existing shareholders in the proportion of their existing shareholding, at an exercise price of Rs. 10 per share (i.e. face value). Loads Limited subscribed to 61 million ordinary shares and empowered the Board of HAWL to offer the remaining 20 million ordinary shares to others as advised by the Board of HAWL. On 12 January 2018, the Board of HAWL passed a resolution and offered 15 million and 5 million shares to SAIL and MAIL respectively at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was a wholly owned subsidiary of Loads Limited. SAIL and MAIL fully subscribed the offers and on 12 February 2018, the shares were issued to SAIL and MAIL. The return of allotment was filed on 13 February 2018.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Moreover, In the month of February, HAWL offered further 25.545 million ordinary shares through another right issue (second right issue) to the existing shareholders in the proportion of their existing shareholding (as changed after the first right issue), at the exercise price of Rs. 10 per share (i.e. face value). The existing shareholders including Loads Limited, SAIL and MAIL renounced the offer on 5 March 2018 and empowered the Board of HAWL to offer the shares to others as advised by Board of HAWL. In March, the Board of HAWL passed a resolution and offered the shares to pre-IPO shareholders at the same exercise price of Rs. 10 per share (face value). At the date of offer, HAWL was effectively a wholly owned subsidiary of Loads Limited. The shares of HAWL were issued to the pre-IPO shareholders on 4 May 2018. The return of allotment was filed on 10 May 2018. As at 30 June 2018, the break-up value of HAWL was Rs. 10.71 per share (30 June 2017: Rs. 9.92 per share).

**6.1.4** Specialized Motorcycles (Private) Limited (SMPL) was engaged in the business to acquire, deal in, purchase, import, sales, supply and export all sorts of motorcycles & auto parts, metallurgical parts, machinery and equipment parts. SMPL has ceased its operations from 1 July 2015. The net assets of SMPL, as disclosed in the latest available audited financial statements for the year ended 30 June 2018, amounted to Rs. 67.410 million. (30 June 2017: Rs. 64.872 million)

**6.1.4.1** The Company has maintained provision amounting to Rs. 25 million in respect of SMPL. The key information and ratios of SMPL in addition to information disclosed in note 6.1.5 are as follows:

	30 June 2018	30 June 2017
		(Rupees)
Net equity	Rupees <b>67,410,059</b>	64,872,230
Current ratio	Percentage <b>85.19</b>	96.7
Cash flows	Rupees <b>330,905</b>	(360,448)

**6.1.5** Summarised financial information based on latest available audited financial statements of the subsidiaries are as follows:

	30 June 2018			
	SAIL	MAIL	SMPL	HAWL
<b>Shareholding %</b>	<b>(Percentage)</b>			
	<b>51.28%</b>	<b>59.38%</b>	<b>100%</b>	<b>81.26%</b>
	<b>(Rupees)</b>			
Non-current assets	<b>288,198,042</b>	<b>103,395,851</b>	-	<b>1,421,927,924</b>
Current assets	<b>296,499,224</b>	<b>165,227,373</b>	<b>68,210,733</b>	<b>533,457,459</b>
Non-Current liabilities	<b>17,827,547</b>	<b>8,180,981</b>	-	<b>36,339,781</b>
Current liabilities	<b>49,140,936</b>	<b>21,260,484</b>	<b>800,674</b>	<b>509,979,483</b>
Net assets	<b>517,728,783</b>	<b>239,181,759</b>	<b>67,410,059</b>	<b>1,409,066,119</b>
Revenue	<b>355,145,466</b>	<b>165,332,389</b>	-	-
Profit / (loss) after tax	<b>55,130,026</b>	<b>37,569,262</b>	<b>2,537,829</b>	<b>(8,539,073)</b>
Other comprehensive income	-	-	-	-
Total comprehensive income	<b>55,130,026</b>	<b>37,569,262</b>	<b>2,537,829</b>	<b>(8,539,073)</b>

**6.1.6** The related loss on the above transactions (6.1.1, 6.1.2 and 6.1.3) is recognized in the consolidated financial statements prepared by the Company.

**6.1.7** Investments in subsidiaries have been made in accordance with the requirements of the Companies Act, 2017.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 6.2 Investment in associate

30 June 2018	30 June 2017	Note	30 June 2018	30 June 2017
(Number of shares)			(Rupees)	
<b>8,613,233</b>	7,748,885	621 & 623	<b>342,235,065</b>	334,652,655

Quoted

Treet Corporation Limited

(Chief Executive Officer - Syed Shahid Ali)

### 6.2.1 Movement in the carrying value of investment in associate is as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Carrying amount at the beginning of the year		334,652,655	327,070,245
Conversion from participation term certificate into ordinary shares	62.1.1	7,582,410	7,582,410
		<b>342,235,065</b>	334,652,655

**6.2.1.1** In the current year, 128,205 shares (30 June 2017: 128,205) amounting to Rs. 7.58 million (30 June 2017: Rs. 7.58 million) were converted and issued to the Company at the rate of Rs. 59.14 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (refer note 13.1.2).

### 6.2.2 Movement in the carrying value of investment in associate is as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Quoted		
Treet Corporation Limited	<b>294,486,436</b>	440,756,579

**6.2.2.1** The recoverable amount of investment in associate was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use. The carrying value was determined to be lower than its recoverable amount and therefore no impairment loss was recognized in these consolidated financial statements. The key assumptions used in the estimation of value in use includes discount rate of 12.5% and growth rate of 10%.

The discount rate was a pre-tax measure based on the rate of government bonds issued by the government, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of specific investments.

**6.2.3** This includes 8,344,644 shares (30 June 2017: 7,620,680 shares) having an aggregate market value of Rs. 285.303 million (30 June 2017: Rs. 433.464 million), which have been kept in broker's sub-account which is in the name of the Company. All other shares are kept in the Central Depository Company (CDC) account of the Company.

**6.2.4** The Company's holding in associate of 5.42% (30 June 2017: 5.46%) is considered associate by virtue of common directorship i.e. (5 directors are common out of 8 directors).

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

**6.2.5** Summarised financial information based on un-audited financial information for the nine months period ended 31 March 2018 is as follows:

	(Rs. in '000)
Non-current assets	13,411,870
Current assets	6,114,314
Non-Current liabilities	2,085,586
Current liabilities	9,414,069
Net assets	8,026,529
Revenue	6,777,690
Profit after tax	60,355
Other comprehensive income	-
Total comprehensive income	60,355

### 6.3 Investment in Pakistan Investment Bonds (PIBs) - held to maturity

Issue date	Rate	Tenor	Maturity	Face value			As at 30 June 2018	Amortized cost as at 30 June 2018
				As at 1 July 2017	Purchased during the year	Matured / sold during the year		
----- (Rupees) -----								
29 December 2016	7.75%	5 Years	29 December 2021	100,000,000	-	(100,000,000)	-	-
21 April 2016	8.75%	10 Years	21 April 2026	80,000,000	50,000,000	(130,000,000)	-	-
				<b>180,000,000</b>	<b>50,000,000</b>	<b>(230,000,000)</b>	-	-

### 6.3.1 Details of PIBs sold during the year are as follows:

Issue date	Tenor	Maturity	Date of sale	30 June 2018		
				Carrying value	Sale proceeds	(Loss) on sale
----- (Rupees) -----						
29 December 2016	5 Years	29 December 2021	29 March 2018	106,990,644	99,027,832	(7,962,812)
21 April 2016	10 Years	21 April 2026	4 December 2017	141,246,143	134,649,320	(6,596,823)
				<b>248,236,787</b>	<b>233,677,152</b>	<b>(14,559,635)</b>

## 7. STOCK-IN-TRADE

	Note	30 June 2018	30 June 2017
		(Rupees)	
Raw material and components	7.2 & 7.4	1,466,986,223	933,433,474
Work-in-process		150,978,815	140,014,359
Finished goods	7.3	49,683,031	110,143,067
		<b>1,667,648,069</b>	1,183,590,900
Allowance for inventory obsolescence	7.1	(4,889,326)	(1,623,406)
		<b>1,662,758,743</b>	1,181,967,494

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 7.1 Allowance for inventory obsolescence

	Note	30 June 2018	30 June 2017
		(Rupees)	
Opening balance		1,623,406	-
Charge for the year	25	3,265,920	1,623,406
Closing balance		<u>4,889,326</u>	<u>1,623,406</u>

7.2 This includes raw material in transit and in possession of Company's subsidiaries as at 30 June 2018 amounting to Rs. 314.159 million (30 June 2017: Rs. 216.58 million) and Rs. 412 million (30 June 2017: Rs. 328 million) respectively.

7.3 This includes finished goods in possession of Company's subsidiaries as at 30 June 2018 amounting to Rs. 28 million (30 June 2017: Rs. 36.12 million).

7.4 Raw material held with toll manufacturers as at 30 June 2018 amounted to Rs. 51 million (30 June 2017: Rs. 108 million).

7.5 Inventories are subject to ranking charge and first pari passu hypothecation charge of maximum Rs. 534 million and Rs. 200 million (30 June 2017: Rs. 534 million and Rs. 234 million) respectively. These charges are against different financing facilities obtained from various banks (note 21).

### 8. TRADE DEBTS - net

	Note	30 June 2018	30 June 2017
		(Rupees)	
<b>Unsecured</b>			
Considered good		350,809,641	223,972,326
Considered doubtful		-	-
	8.1	<u>350,809,641</u>	<u>223,972,326</u>

8.1 For ageing of trade debts, refer note 34.2.

### 9. LONG TERM LOANS AND RECEIVABLES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Long term portion of receivable against sale of assets	9.1	14,042,531	26,682,402
Long term portion of loan to employees	10.2	4,215,065	703,880
		<u>18,257,596</u>	<u>27,386,282</u>

#### 9.1 Receivable against sale of assets

	Note	30 June 2018	30 June 2017
Opening balance		60,229,777	-
Proceeds of assets sold to customer during the year	4.1.7	35,765,768	68,270,192
Mark-up accrued during the year	9.1.2 & 28	3,514,240	1,105,361
Less: Installments received during the year		<u>(38,362,846)</u>	<u>(9,145,776)</u>
	9.1.1	61,146,939	60,229,777
Less: Current portion		<u>(47,104,408)</u>	<u>(33,547,375)</u>
Long term portion of receivable		<u>14,042,531</u>	<u>26,682,402</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

9.1.1 This represents receivable against sale of assets to a customer. The amount will be recovered over a period of two ears.

9.1.2 This represents discounting at the rate ranging from 6.8% to 7.5% (30 June 2017: 6.8%).

### 10. LOANS AND ADVANCES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Advance to suppliers	10.1	131,825,410	73,389,159
Loans to employees - considered good and unsecured	10.2	3,640,533	3,617,172
Loans to workers - considered good and unsecured	10.3	7,927,510	4,875,319
Advance salary		2,821,326	2,869,290
		<u>146,214,779</u>	<u>84,750,940</u>

10.1 This includes advance amounting to Rs. 105.47 million (30 June 2017: Rs. 40.43 million ) given to clearing agents for payment of clearing charges and other import related expenses to be incurred upon receipt of import consignment.

#### 10.2 Loans to employees - considered good and unsecured

	Note	30 June 2018	30 June 2017
		(Rupees)	
Loans to employees	10.2.1	7,855,598	4,321,052
Less: Long term portion	9	<u>(4,215,065)</u>	<u>(703,880)</u>
Current portion of loans to employees		<u>3,640,533</u>	<u>3,617,172</u>

10.2.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 10% (30 June 2017: 7% to 10%) per annum.

10.3 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 7% (30 June 2017: 10%) per annum.

### 11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Unclaimed input sales tax	11.1	199,546,521	164,752,037
Trade and other deposits		9,619,880	10,955,530
Prepayments - provident fund	11.2	8,701,174	5,524,464
Prepayments		2,388,451	2,306,066
Other receivables		4,287,983	3,097,582
		<u>224,544,009</u>	<u>186,635,679</u>

11.1 This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

11.2 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 12. TAXATION - net

	Note	30 June 2018	30 June 2017
		(Rupees)	
Opening refundable		162,615,180	143,468,552
Refunds / adjusted during the year		(45,715,058)	-
		<u>116,900,122</u>	<u>143,468,552</u>
Advance tax paid during the year		68,184,308	53,236,055
Provision for taxation	30	(38,287,839)	(34,089,427)
Closing refundable		<u>146,796,591</u>	<u>162,615,180</u>

### 13. INVESTMENTS

At fair value through profit or loss - at initial recognition	13.1	33,821,388	48,673,998
Available-for-sale	13.2	32,261,953	52,747,744
		<u>66,083,341</u>	<u>101,421,742</u>

#### 13.1 At fair value through profit or loss - at initial recognition

30 June 2018	30 June 2017	Name of investee company	Note	30 June 2018			30 June 2017
				Carrying value	Market value	Unrealised (loss) / gain	Market value
(Number of shares / certificates)		Ordinary shares - Quoted		(Rupees)			
1	1	Agriautos Industries Limited		431	295	(136)	431
1	1	Al-Ghazi Tractors Limited *		644	680	36	644
1	1	Atlas Battery Limited		900	410	(490)	900
1	1	Atlas Honda Limited		604	510	(94)	604
1	1	The General Tyre & Rubber Company of Pakistan Limited		304	166	(138)	304
1	1	Honda Atlas Cars (Pakistan) Limited		868	316	(552)	868
1	1	Thal Limited *		606	478	(128)	606
230	230	Baluchistan Wheels Limited		34,270	24,888	(9,382)	34,270
315	315	Ghandhara Nissan Limited		70,875	56,596	(14,279)	70,875
150	150	Hino Pak Motors Limited		196,500	121,157	(75,343)	196,500
200	200	Indus Motor Company Limited		358,800	284,292	(74,508)	358,800
272	272	Millat Tractors Limited		373,848	323,152	(50,696)	373,848
63	63	Oil & Gas Development Company Limited		8,863	9,804	941	8,863
127	127	Pak Suzuki Motor Company Limited		99,060	49,959	(49,101)	99,060
		<b>Participation term certificate (PTC) - Quoted</b>					
1,831,500	1,831,500	Treet Corporation Limited *	13.1.1	39,670,290	32,948,685	(6,721,605)	47,527,425
				<u>40,816,863</u>	<u>33,821,388</u>	<u>(6,995,475)</u>	<u>48,673,998</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

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

#### 13.1.1 Movement in carrying value of PTC is as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Opening balance		47,527,425	42,124,508
Principal cash redemption	13.1.2	(274,725)	(274,725)
Principal conversion to ordinary shares	13.1.2	(7,582,410)	(7,582,410)
		<u>39,670,290</u>	<u>34,267,373</u>
Unrealised (loss) / gain for the year		(6,721,605)	13,260,052
Closing balance		<u>32,948,685</u>	<u>47,527,425</u>

13.1.2 These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million (also refer note 6.2.1).

#### 13.2 Available-for-sale

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

30 June 2018	30 June 2017	Name of investee company	30 June 2018			30 June 2017
			Cost	Market value	Unrealised gain	Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
235,386	235,386	Tri-Pack Films Limited	17,188,363	32,247,882	15,059,519	52,726,464
152	152	ZIL Limited	5,330	14,071	8,741	21,280
			<u>17,193,693</u>	<u>32,261,953</u>	<u>15,068,260</u>	<u>52,747,744</u>

#### 13.2.1 Unrealized (loss) / gain on re-measurement of available-for-sale investments

	30 June 2018	30 June 2017
	(Rupees)	
Market value of investments	32,261,953	52,747,744
Less : Cost of investments	(17,193,693)	(17,193,693)
	<u>15,068,260</u>	<u>35,554,051</u>
Less: Unrealized gain on re-measurement of available-for-sale investments at beginning of the year	(35,554,051)	(25,633,737)
Unrealized (loss) / gain on re-measurement of available-for-sale investments for the year	<u>(20,485,791)</u>	<u>9,920,314</u>



## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

**13.2.2** The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 24.9 million which have been pledged with financial institutions as securities against borrowing facilities.

### 14. CASH AND BANK BALANCES

	Note	30 June 2018 (Rupees)	30 June 2017
Term deposit receipts	14.1	-	162,000,000
Cash in hand		<b>697,999</b>	248,536
With banks			
- in current accounts		<b>8,261,844</b>	11,316,666
- in saving account	14.2	-	42,405,974
		<b>8,261,844</b>	53,722,640
		<b>8,959,843</b>	215,971,176

**14.1** These represents term deposit receipts placed at the rate ranging from of 5.8% to 6% (30 June 2017: 5.8% to 6%) per annum having original maturity of less than three months. During the year, the Company purchased TDRs amounting to Rs. 566 million (30 June 2017: Rs. 162) having original maturity of 1 month. This was encashed at the maturity date.

**14.2** This carry mark-up at the rate Nil (30 June 2017: 3.75%) per annum.

### 15 CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

##### 15.1.1 Description of legal proceedings

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Sindh High Court	Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015.  In view of above stated facts and opinion of legal advisor, the Company is confident of a favourable outcome. However, as an abundant caution, the Company has recorded a full provision of Rs.2.45 million (30 June 2017: Rs. 1.66 million) in the financial statements.	Company, Sui Northern, Sui Southern and Others	3 August 2012
Federal Board of Revenue (FBR)	Tax Year 2016 was selected for audit by the tax authorities and an Order was passed whereby refund of Rs 50.510 million was allowed. The Company filed a Rectification application on 17 August 2017 against short refund determination of Rs. 7.62 million out of which refund of Rs. 7.47 million was subsequently determined after verification. No further appeal has been made by the Company. The said refunds of Rs. 50.510 million and Rs. 7.47 million have been adjusted against advance tax liability for Tax year 2018.z	Company & FBR	22 June 2017

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Name of the court, agency or authority	Description of the factual basis of the proceeding and relief sought	Principal parties	Date instituted
Federal Board of Revenue (FBR)	Tax Year 2017 was selected for audit by the Tax authorities and a notice dated 28 March 2018 was received which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard have not yet been finalized and hence no provision has been recognized in these unconsolidated financial statements.	Company & FBR	6 March 2018
Federal Board of Revenue (FBR)	In respect of Tax Year 2017, a notice dated 31 January 2018 was issued by the Tax authorities for monitoring of withholding taxes which has been responded and requisitioned details, document, and evidences have been filed by the Company. Proceeding in this regard have not have not yet been finalized.	Company & FBR	31 January 2018

### 15.2 Commitments

	30 June 2018	30 June 2017
	(Rupees)	
15.2.1 Guarantees issued by banks on behalf of the Company	<u>2,632,428</u>	450,000
15.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business (outstanding at year end)	<u>604,132,070</u>	443,902,000
15.2.3 The Company has issued post dated cheques to Total Parco Limited as security deposits amounting to Rs. 4.34 million (30 June 2017: Rs. 3.74 million).		

### 16. PRELIMINARY EXPENSES

This represents expenses incurred for the purpose of listing, written off from share premium account in accordance with the section 83(2)(a) of the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). Breakup of preliminary expenses are as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Advisory and arrangement fee for IPO	-	65,829,951
Brokerage commission	-	16,635,710
Underwriting commission	-	7,381,250
Advertisement and printing expense	-	9,266,369
Regulatory charges	-	2,098,986
Bank commission	-	2,886,115
Other expenses	-	549,041
	<u>-</u>	<u>104,647,422</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 17. SHARE CAPITAL

#### 17.1 Authorised share capital

Authorised share capital comprises of 200,000,000 (30 June 2017: 200,000,000) Ordinary shares of Rs. 10 each.

#### 17.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2018	30 June 2017	30 June 2018	30 June 2017
(Number of shares)		(Rupees)	
53,770,000	53,770,000	537,700,000	537,700,000
97,480,000	83,730,000	974,800,000	837,300,000
<u>151,250,000</u>	<u>137,500,000</u>	<u>1,512,500,000</u>	<u>1,375,000,000</u>

#### 17.3 The break-up of share capital is as follows:

Name of Shareholders	30 June 2018		30 June 2017	
	Number of shares	% of Holding	Number of shares	% of Holding
Syed Shahid Ali (Chairman)	62,819,872	41.53%	57,108,975	41.53%
Treet Corporation Limited (Associate)	18,895,057	12.49%	17,177,325	12.49%
Directors	4,454,475	2.95%	4,042,230	2.94%
Other shareholders	65,080,596	43.03%	59,171,470	43.04%
	<u>151,250,000</u>	<u>100%</u>	<u>137,500,000</u>	<u>100%</u>

#### 17.4 Reconciliation of number of shares outstanding

	30 June 2018	30 June 2017
	(Rupees)	
<b>Ordinary shares</b>		
Ordinary shares at beginning of the year	137,500,000	75,000,000
Issue of ordinary shares through IPO	-	50,000,000
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	13,750,000	12,500,000
Ordinary shares at end of the year	<u>151,250,000</u>	<u>137,500,000</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 17.5 Utilization of IPO proceeds

On 31 August 2016, the Company through its prospectus gave the financial plan for the utilization of IPO proceeds. The detail of project and proceeds utilization was disclosed in note 5.13.1 of the prospectus as under;

	(Rupees)
<b>Financial plan</b>	
Expected IPO Proceeds against offering 50,000,000 ordinary shares of Rs. 10 each at offer price of Rs. 15 each	750,000,000
Utilization for:	
-Expansion and Modernization	(550,000,000)
-Working capital	(200,000,000)
	<u>-</u>

The strike price of the offered shares was determined through book building at Rs. 34 per share, hence a total of Rs. 1,700 million was received by the Company. Out of this amount, Rs. 1,150 million (200 million as per plan and Rs. 950 million, the excess amount received) was used for improving working capital and remaining Rs. 550 million was kept for expansion and modernization. Up till 30 June 2018, the Company had invested Rs. 527.43 million in capital assets for expansion and modernization as committed in prospectus and the remaining amount was invested in August 2018.

	Note	(Rupees)
<b>Actual utilization</b>		
Actual IPO Proceeds against offering 50,000,000 ordinary shares of Rs. 10 each at strike price of Rs. 34 each		1,700,000,000
Utilized up till 30 June 2018		
-Expansion and Modernization		(527,436,543)
-Working capital		(1,150,000,000)
	17.5.1	(1,677,436,543)
Remaining (utilized subsequently)	17.5.2	<u>22,563,457</u>

**17.5.1** This includes investment in machinery amounting to Rs. 72.8 million which was incurred before realization of IPO proceeds as also disclosed in the prospectus.

**17.5.2** The remaining amount was utilized subsequently in the month of August 2018.

### 18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2018			30 June 2017		
	Minimum Lease Payments	Finance charges	Principal outstanding	Minimum Lease Payments	Finance charges	Principal outstanding
	(Rupees)					
Not later than one year	14,387,732	338,584	14,049,148	14,303,353	1,045,265	13,258,088
Later than one year but not later than five years	5,041,382	27,178	5,014,204	9,361,906	426,888	8,935,018
	<u>19,429,114</u>	<u>365,762</u>	<u>19,063,352</u>	<u>23,665,259</u>	<u>1,472,153</u>	<u>22,193,106</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

**18.1** These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates include finance charge at fixed rate of 9% (30 June 2017: 9%) and variable rates ranging from 6 months KIBOR plus 2% to 5.5% per annum (30 June 2017: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi-annual basis for future rentals. These leases are having maturities from September 2018 to February 2020 (30 June 2017: September 2017 to February 2020).

### 19. DEFERRED TAX LIABILITIES

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	30 June 2018	30 June 2017
	(Rupees)	
Deferred tax liability	69,996,547	61,490,271
Deferred tax asset	<u>(20,935,785)</u>	<u>(17,212,814)</u>
	<u>49,060,762</u>	<u>44,277,457</u>

### 19.1 Deferred tax comprises of:

#### Taxable temporary differences arising in respect of:

- Accelerated tax depreciation	69,996,547	61,490,271
- Finance lease arrangements	<u>(2,812,087)</u>	<u>(3,150,588)</u>

#### Deductible temporary differences arising in respect of:

- Allowance for inventory obsolescence	(1,417,905)	(487,022)
- Provision against compensated absences	(3,216,125)	(3,203,467)
- Remeasurement of defined benefit liability	(6,239,668)	(2,871,737)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited	<u>(7,250,000)</u>	<u>(7,500,000)</u>
	<u>49,060,762</u>	<u>44,277,457</u>

### 19.2 Analysis of change in deferred tax

	30 June 2018			30 June 2017				
	Balance at 1 July 2017	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2018	Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2017
	(Rupees)							
<b>Taxable temporary differences</b>								
- Accelerated tax depreciation	61,490,271	8,506,276	-	69,996,547	45,122,840	16,367,431	-	61,490,271
- Finance lease arrangements	(3,150,588)	338,501	-	(2,812,087)	3,291,514	(6,442,102)	-	(3,150,588)
<b>Deductible temporary differences</b>								
- Allowance for inventory obsolescence	(487,022)	(930,883)	-	(1,417,905)	(215,830)	(271,192)	-	(487,022)
- Provision against compensated absences	(3,203,467)	(12,658)	-	(3,216,125)	(2,426,623)	(776,844)	-	(3,203,467)
- Provision for bad debts	-	-	-	-	(125,738)	125,738	-	-
- Remeasurement of defined benefit liability	(2,871,737)	-	(3,367,931)	(6,239,668)	(1,807,188)	-	(1,064,549)	(2,871,737)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited	(7,500,000)	250,000	-	(7,250,000)	(7,750,000)	250,000	-	(7,500,000)
	<u>44,277,457</u>	<u>8,151,236</u>	<u>(3,367,931)</u>	<u>49,060,762</u>	<u>36,088,975</u>	<u>9,253,031</u>	<u>(1,064,549)</u>	<u>44,277,457</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

**19.3** A change in the corporation income tax rate ranging from 30 % to 29% per cent was enacted on 1 July 2018, effective from the same date. Deferred tax assets and liabilities on temporary differences are measured at 29%.

### 20. EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2018 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, "Employee Benefits". The assumptions used in actuarial valuation are as follows:

#### 20.1 Actuarial assumptions

##### Financial assumptions

- Discount rate used for year end obligation
- Discount rate used for interest cost in profit and loss account
- Expected rate of increase in salary level

	30 June 2018	30 June 2017
	9.00%	7.75%
	7.75%	7.25%
	8.00%	6.75%

##### Demographic assumptions

- Mortality rate

	SLIC 2001 - 2005	SLIC 2001 - 2005

#### 20.2 Amount recognised in the balance sheet

Note	30 June 2018			30 June 2017		
	Executives	Non- Executives	Total	Executives	Non- Executives	Total
	(Rupees)					
Present value of defined benefit obligation 20.2.1	25,538,353	13,550,296	39,088,649	33,364,832	12,930,821	46,295,653
Fair value of plan assets 20.2.2	(31,206,791)	(13,199,066)	(44,405,857)	(32,350,240)	(13,658,018)	(46,008,258)
Net (asset) / liability at end of the year	(5,668,438)	351,230	(5,317,208)	1,014,592	(727,197)	287,395

#### 20.2.1 Movement in present value of defined benefit obligation:

Opening balance	33,364,832	12,930,821	46,295,653	24,622,414	11,763,057	36,385,471
Current service cost	1,958,886	481,589	2,440,475	1,540,551	454,089	1,994,640
Interest cost	1,898,150	945,512	2,843,662	1,769,979	812,937	2,582,916
Benefits paid by the plan	(17,745,147)	(1,461,341)	(19,206,488)	(417,830)	(1,100,270)	(1,518,100)
Re-measurements loss / (gain) on obligation	6,061,632	653,715	6,715,347	5,849,718	1,001,008	6,850,726
Closing balance	25,538,353	13,550,296	39,088,649	33,364,832	12,930,821	46,295,653

#### 20.2.2 Movement in the fair value of plan assets:

Opening balance	32,350,240	13,658,018	46,008,258	28,836,289	12,398,328	41,234,617
Interest income	2,507,144	1,058,496	3,565,640	2,090,631	898,879	2,989,510
Contribution paid into the plan	17,656,842	1,279,812	18,936,654	-	-	-
Benefits paid by the plan	(17,745,147)	(1,461,341)	(19,206,488)	(417,830)	(1,100,270)	(1,518,100)
Re-measurements (loss) / gain on plan assets	(3,562,288)	(1,335,919)	(4,898,207)	1,841,150	1,461,081	3,302,231
Closing balance	31,206,791	13,199,066	44,405,857	32,350,240	13,658,018	46,008,258

#### 20.2.3 Amounts recognised in the profit and loss account

Current service cost	1,958,886	481,589	2,440,475	1,540,551	454,089	1,994,640
Interest cost	1,898,150	945,512	2,843,662	1,769,979	812,937	2,582,916
Interest income	(2,507,144)	(1,058,496)	(3,565,640)	(2,090,631)	(898,879)	(2,989,510)
Expense for the year	1,349,892	368,605	1,718,497	1,219,899	368,147	1,588,046

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 20.2.4 Amounts recognised in the other comprehensive income

Re-measurement loss / (gain) on obligation 20.2.4.1	6,061,632	653,715	6,715,347	5,849,718	1,001,008	6,850,726
Re-measurement of fair value of plan asset 20.2.4.2	3,562,288	1,335,919	4,898,207	(1,841,150)	(1,461,081)	(3,302,231)
Re-measurement loss / (gain) for the year	9,623,920	1,989,634	11,613,554	4,008,568	(460,073)	3,548,495

#### 20.2.4.1 Re-measurement loss / (gain) on obligation:

Loss / (gain) due to change in financial assumptions	42,906	19,792	62,698	15,628	8,101	23,729
Loss / (gain) due to change in experience adjustments	6,018,726	633,923	6,652,649	5,834,090	992,907	6,826,997
	6,061,632	653,715	6,715,347	5,849,718	1,001,008	6,850,726

#### 20.2.4.2 Re-measurement on plan assets - Net income / (expense) of plan assets over interest income:

Actual return on plan assets	(1,055,144)	(277,423)	(1,332,567)	3,931,781	2,359,960	6,291,741
Interest income on plan assets	(2,507,144)	(1,058,496)	(3,565,640)	(2,090,631)	(898,879)	(2,989,510)
	(3,562,288)	(1,335,919)	(4,898,207)	1,841,150	1,461,081	3,302,231

#### 20.2.5 Net recognized liability / (asset)

Net asset at beginning of the year	1,014,592	(727,197)	287,395	(4,213,875)	(635,271)	(4,849,146)
Expense recognised in profit and loss account	1,349,892	368,605	1,718,497	1,219,899	368,147	1,588,046
Contribution paid into the plan	(17,656,842)	(1,279,812)	(18,936,654)	-	-	-
Re-measurement losses recognised in other comprehensive income	9,623,920	1,989,634	11,613,554	4,008,568	(460,073)	3,548,495
Net liability / (asset) at end of the year	(5,668,438)	351,230	(5,317,208)	1,014,592	(727,197)	287,395

#### 20.3 Plan assets comprise of the following:

	30 June 2018		30 June 2017	
	Executives	Non- Executives	Executives	Non- Executives
	(Rupees)			
Government securities	13,268,124	2,434,372	16,822,125	3,496,453
Term deposit receipts	-	-	32,350	13,658
Equity shares	11,222,524	7,909,212	13,457,700	8,891,370
Others	6,716,143	2,855,482	2,038,065	1,256,537
Fair value of plan assets at end of the year	31,206,791	13,199,066	32,350,240	13,658,018

#### 20.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2018		30 June 2017	
	(Rupees)		(Rupees)	
	Executives	Non- Executives	Executives	Non- Executives
Discount rate +1%	23,901,272	12,766,112	31,870,792	12,129,017
Discount rate -1%	27,398,193	14,406,606	35,061,024	13,811,730
Salary increase +1%	27,417,254	14,415,069	35,078,280	13,820,370
Salary increase -1%	23,855,577	12,744,249	31,828,872	12,106,595

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

20.5 Expected charge for the year ending 30 June 2019 is Rs. 781,496.

### 20.6 Risks associated with defined benefit plans

#### a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

#### b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

#### c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

### 20.7 Historical information

	30 June				
	2016	2015	2014	2013	2012
	----- (Rupees) -----				
Present value of defined benefit obligation	36,385,471	33,537,730	31,474,360	27,152,096	-
Fair value of plan assets	(41,234,617)	(39,879,652)	(43,360,672)	(38,001,696)	(11,748,034)
Net liability / (asset)	(4,849,146)	(6,341,922)	(11,886,312)	(10,849,600)	(11,748,034)

### 20.8 Gratuity for the year recognised in the profit and loss account has been allocated as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Cost of sales	25	1,349,892	1,219,899
Administrative and selling expenses	26	368,605	368,147
		<u>1,718,497</u>	<u>1,588,046</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 21. SHORT TERM FINANCING

#### Secured

Running finances under mark-up arrangements  
Islamic financing  
Short term loan

Note	30 June 2018	30 June 2017
	(Rupees)	
21.1	1,173,799,354	28,395,236
21.2	150,000,000	-
21.3	115,832,655	-
	<u>1,439,632,009</u>	<u>28,395,236</u>

#### 21.1 Running finances under mark-up arrangements

Note	30 June 2018	30 June 2017
	(Rupees)	
	299,924,500	21,916,042
	109,599,997	3,120,575
	167,025,496	1,972,841
	8,206,558	1,385,778
	174,745,807	-
	140,860,238	-
	193,445,813	-
	9,076,373	-
	70,914,572	-
21.1.1	<u>1,173,799,354</u>	<u>28,395,236</u>

21.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Company, pledge of stock (shares), lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 March 2019. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.55% per annum (30 June 2017: 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.85% per annum).

The aggregate available short term funded facilities amounted to Rs. 1,720 million (30 June 2017: Rs. 1,970 million) out of which Rs. 546.2 million (30 June 2017: 1,941.605 million) remained unavailed as at the reporting date.

21.2 This represents Islamic finance (Istisna) facility available from Al Baraka Bank and Meezan Bank having limits of Rs. 350 million, for manufacturing of mufflers and exhaust system, spare parts, tools and equipment from local market and for working capital requirement. As at 30 June 2018, amount of Rs. 200 million (30 June 2017: Rs. 400 million) remained unutilised. This facility is secured by charge over current and future assets of the Company. These facilities carry mark-up at 6 month KIBOR plus 1 % per annum (30 June 2017: 6 month KIBOR plus 1.25 %) and is repayable maximum within 120 days to 180 days of the disbursement date.

21.3 This represent short term loan facility availed from JS Bank having limit of Rs. 200 million, for working capital requirement of the Company. This facility is secured by charge over current and future assets of the Company. As at 30 June 2018, amount of Rs. 84.17 million (30 June 2017: Nil) remained unutilised. This facility carries mark-up at 1 month KIBOR plus 1 % per annum (30 June 2017: Nil) and is repayable maximum within 60 days of the disbursement date.

21.4 Facilities available for opening letters of credit / guarantees at 30 June 2018 amounted to Rs. 2,257.95 million (30 June 2017: Rs. 2,205.45 million) out of which Rs. 1,651.19 million (30 June 2017: Rs. 1,761.10 million) remained unutilized at the year end.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 21.5 Unavailed facilities

The Company has unutilized facility of Finance against Trust Receipt (FATR) facility from Habib Bank Limited and Habib Metropolitan Bank Limited having limit aggregating to Rs. 350 million, to facilitate retirement of import bills under LC sight opened through bank. This facility is secured by charge over current and future assets of the company and TR form signed separately for each bill. This facility carries mark-up at 1 month KIBOR plus 0.75% to 3 month KIBOR plus 0.55% per annum (30 June 2017: 1 month KIBOR plus 1.5% per annum) and is repayable maximum within 90 days of the disbursement date.

The Company also has an unutilized facility of forward cover from JS Bank Limited and Meezan Bank Limited, having limit aggregating to Rs. 66 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 12 months and the cover limit for JS Bank Limited is established at 10 times of the actual limit (Rs. 350 million).

### 22. DUE FROM / (TO) RELATED PARTIES

	Note	30 June 2018 (Rupees)	30 June 2017
Due from related parties	22.1	<u>518,518,738</u>	<u>12,992,725</u>
Due to related parties	22.2	<u>(464,530,779)</u>	<u>(392,183,088)</u>

Prior year receivables and payables have been grossed up and reclassified as receivables and payables.

#### 22.1 Due from related parties - unsecured

	Note	30 June 2018 (Rupees)	30 June 2017
<b>Considered good</b>			
Loan to Hi-Tech Alloy Wheels Limited	22.1.1	<u>495,000,000</u>	-
Mark-up Receivable on loan to Hi-Tech Alloy Wheels Limited	22.1.1	<u>7,257,499</u>	-
Due from related parties - considered good	22.1.2	<u>16,261,239</u>	<u>12,992,725</u>
		<u>518,518,738</u>	<u>12,992,725</u>

**22.1.1** The Company entered into a loan agreement dated 25 December 2017 with Hi-Tech Alloy Wheels Limited (HAWL) to provide loan upto a maximum limit of Rs. 1 billion for meeting working capital and other requirements. The Company provided Rs. 195 million, Rs. 100 million and Rs. 200 million on 28 March 2018, 2 April 2018 and 1 June 2018 respectively. The loan is repayable on demand and carry mark-up at the rate of 1 month KIBOR plus 1%.

#### 22.1.2 Due from related parties

	Note	30 June 2018 (Rupees)	30 June 2017
Specialized Autoparts Industries (Private) Limited		<u>6,760,538</u>	5,968,002
Specialized Motorcycle (Private) Limited		<u>3,706,788</u>	3,706,788
Hi-Tech Alloy Wheels Limited		<u>5,793,913</u>	3,317,935
	22.1.2.1	<u>16,261,239</u>	<u>12,992,725</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

**22.1.2.1** The above balance is mark-up free, unsecured and represent amount paid by the Company to TOTAL PARCO Limited for fuel utilized and other expenses on behalf of subsidiary companies.

#### 22.1.2.2 Detailed analysis of due from related parties

Name of related party	Gross amount due	Past due amount	Provision for doubtful receivables	Reversal of provision of doubtful receivables	Amount due written off	Net amount	Maximum amount outstanding at any time during the year
(Rupees)							
Specialized Autoparts Industries (Private) Limited	6,760,538	6,760,538	-	-	-	6,760,538	6,760,538
Specialized Motorcycle (Private) Limited	3,706,788	3,706,788	-	-	-	3,706,788	3,706,788
Hi-Tech Alloy Wheels Limited	5,793,913	5,793,913	-	-	-	5,793,913	5,793,913
	<u>16,261,239</u>	<u>16,261,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,261,239</u>	<u>16,261,239</u>

#### 22.1.2.3 Age analysis of due from related parties

Name of related party	Amount not past due	Amount past due				Total gross amount due	
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91 - 365 days		
(Rupees)							
Specialized Autoparts Industries (Private) Limited	-	792,536	-	-	-	5,968,002	6,760,538
Specialized Motorcycle (Private) Limited	-	-	-	-	-	3,706,788	3,706,788
Hi-Tech Alloy Wheels Limited	-	2,475,978	-	-	-	3,317,935	5,793,913
	<u>-</u>	<u>3,268,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,992,725</u>	<u>16,261,239</u>

#### 22.2 Due to related parties - unsecured

	Note	30 June 2018 (Rupees)	30 June 2017
Loan from subsidiary companies	22.2.1	<u>287,456,000</u>	277,840,000
Accrued mark-up on loan from subsidiary companies	22.2.1	<u>56,178,425</u>	36,629,751
Trade payables to related parties	22.2.2	<u>120,896,354</u>	77,713,337
		<u>464,530,779</u>	<u>392,183,088</u>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 22.2.1 Loan and accrued mark-up on loan from subsidiary companies

	30 June 2018		30 June 2017	
	Loan	Accrued mark-up (Rupees)	Loan	Accrued mark-up
Specialized Autoparts Industries (Private) Limited	151,590,000	27,259,489	151,590,000	16,044,155
Multiple Autoparts Industries (Private) Limited	81,450,000	12,131,182	69,950,000	7,898,891
Specialized Motorcycle (Private) Limited	54,416,000	16,787,754	56,300,000	12,686,705
	<b>287,456,000</b>	<b>56,178,425</b>	<b>277,840,000</b>	<b>36,629,751</b>

22.2.1.1 These are repayable on demand carrying mark up at the rate of 1 month KIBOR plus 1.75% per annum. Purpose of the loan is for working capital requirement.

### 22.2.2 Trade payables to related parties

	Note	30 June	30 June
		2018	2017
		(Rupees)	
Specialized Autoparts Industries (Private) Limited		77,203,733	52,856,449
Multiple Autoparts Industries (Private) Limited		43,692,621	24,856,888
	22.2.2.1	<b>120,896,354</b>	<b>77,713,337</b>

22.2.2.1 These represent payable against toll manufacturing services provided to the Company by the subsidiaries.

### 23. TRADE AND OTHER PAYABLES

	Note	30 June	30 June
		2018	2017
		(Rupees)	
Trade creditors		185,844,876	161,125,254
Accrued mark-up on short term borrowings			
Accrued liabilities	23.1	20,438,364	19,877,619
<b>Other liabilities</b>			
Advance from customer		38,325,272	13,188,422
Mobilization advances	23.4	12,071,585	22,862,201
Workers' profit participation fund	23.2	9,418,998	19,659,057
Provision for compensated absences		11,090,085	10,678,222
Workers' welfare fund	23.3	9,141,985	6,250,160
Withholding tax payable		1,251,590	1,612,681
Security deposit from contractors	23.5	129,000	129,000
Other payables	23.6	12,560,383	5,615,333
		<b>300,272,138</b>	<b>260,997,949</b>

23.1 This includes provision of Rs. 2.45 million (30 June 2017: Rs. 1.66 million) in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since stay order has been obtained against levy of GID Cess (refer note 15.1.1).

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 23.2 Workers' profit participation fund

	Note	30 June	30 June
		2018	2017
		(Rupees)	
Opening balance		19,659,057	11,326,898
Charge for the year	27	7,229,562	15,625,400
Mark-up charged during the year	29	798,224	691,679
		<b>27,686,843</b>	<b>27,643,977</b>
Less: Payments during the year		(18,267,845)	(7,984,920)
Closing balance		<b>9,418,998</b>	<b>19,659,057</b>

### 23.3 Workers' welfare fund

	Note	30 June	30 June
		2018	2017
Opening balance		6,250,160	3,449,415
Charge for the year	27	2,891,825	6,250,160
Less: Payments during the year		-	(3,449,415)
Closing balance		<b>9,141,985</b>	<b>6,250,160</b>

23.4 This carries mark-up at the rate of 7.3% (30 June 2017: 7.3%).

23.5 This represents security deposit received from contractors against provision of services, kept in the Company's bank account.

23.6 This includes amounts deducted deducted from employees' salaries against vehicles (used by employees) to be sold to the employees upon completion of respective useful lives of the vehicles.

### 24 REVENUE

	Note	30 June	30 June
		2018	2017
Local sales	24.1	5,769,095,818	5,172,668,587
Less: Sales returns		(48,189,108)	(18,670,578)
		<b>5,720,906,710</b>	<b>5,153,998,009</b>
Less: Sales tax		(831,242,855)	(748,871,506)
		<b>4,889,663,855</b>	<b>4,405,126,503</b>

24.1 This includes scrap sales amounting to Rs. 53.11 million (30 June 2017: Rs. 45.76 million).

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 25 COST OF SALES

	Note	30 June 2018 (Rupees)	30 June 2017
Raw materials and components consumed	25.1	3,435,377,298	3,111,377,807
Ancillary materials consumed	25.2	40,290,022	52,201,657
	Note	30 June 2018 (Rupees)	30 June 2017
<b>Manufacturing expenses</b>			
Salaries and wages		160,045,705	138,370,334
Other employees' benefits	25.3	75,542,118	83,824,711
Provident fund contribution		2,490,151	2,222,310
Toll manufacturing	25.4	621,363,467	492,951,980
Depreciation of property, plant and equipment	4.1.6	83,649,060	76,257,747
Gas, power and water		18,759,820	24,369,289
Travelling and vehicle running cost		11,646,800	10,167,602
Insurance		8,949,028	6,720,229
Repairs and maintenance		6,583,182	7,824,449
Postage, telephone and telex		1,248,223	2,005,679
Allowance for inventory obsolescence	7.1	3,265,920	1,623,406
Inward freight and storage charges		1,503,132	1,257,234
Conveyance		949,666	1,916,758
Rent, rates and taxes		1,315,592	860,106
Printing, stationery and periodicals		30,443	205,843
Royalty expense	25.5	7,987,135	1,557,933
General expenses		997,970	1,315,077
Security services		638,571	372,834
Transferred to capital work-in-progress		(15,827,380)	(13,322,519)
Manufacturing cost		991,138,603	840,501,002
Opening stock of work-in-process		140,014,359	142,503,010
Closing stock of work-in-process	7	(150,978,815)	(140,014,359)
		(10,964,456)	2,488,651
Cost of goods manufactured		4,455,841,467	4,006,569,117
Opening stock of finished goods		110,143,067	66,570,963
Closing stock of finished goods	7	(49,683,031)	(110,143,067)
		60,460,036	(43,572,104)
		4,516,301,503	3,962,997,013

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 25.1 Raw material and components consumed

	Note	30 June 2018 (Rupees)	30 June 2017
Opening inventory		933,433,474	897,990,349
Purchases		3,968,930,047	3,146,820,932
		4,902,363,521	4,044,811,281
Closing inventory	7	(1,466,986,223)	(933,433,474)
		3,435,377,298	3,111,377,807

### 25.2 Ancillary materials consumed

		30 June 2018	30 June 2017
Opening inventory		38,631,402	51,209,992
Purchases		47,974,283	54,174,784
		86,605,685	105,384,776
Ancillary materials capitalised		(17,039,357)	(14,551,717)
		69,566,328	90,833,059
Closing inventory		(29,276,306)	(38,631,402)
Less: Sales tax		40,290,022	52,201,657

25.3 This includes a sum of Rs. 1.3 million (30 June 2017: Rs. 1.2 million) in respect of employee benefits - gratuity.

### 25.4 Toll manufacturing

	30 June 2018	30 June 2017
Specialized Autoparts Industries (Private) Limited (SAIL)	355,145,466	309,496,337
Multiple Autoparts Industries (Private) Limited (MAIL)	165,332,389	124,000,772
Others	100,885,612	59,454,871
	621,363,467	492,951,980

25.5 This represents royalty in respect of providing technical information and assistance for the manufacturing of exhaust system. Details are as follows:

Name of Recipient	Relationship with the Company	Registered Address	30 June 2018	30 June 2017
Futaba Industrial Co. Limited	Technical advisor	1, Ochaya, Hashime-Cho, Okazaki-City, Aichi Prefecture, Japan 444-8558	7,987,135	1,557,933



## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 26 ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

	Note	30 June 2018	30 June 2017
(Rupees)			
Salaries and wages		80,471,381	72,047,700
Other employees' benefits	26.1	25,411,491	31,017,950
Provident fund contribution		1,742,659	1,707,367
Advertising and sales promotion		1,409,601	1,057,296
Travelling and vehicle running cost		11,090,611	9,630,458
Outward freight		19,024,859	17,830,361
Depreciation of property, plant and equipment	4.1.6	7,690,099	7,006,957
Amortization of intangible assets	5	968,122	441,961
Legal and professional charges		14,374,528	10,353,853
Postage, telephone and telex		3,255,369	2,763,220
Conveyance		1,618,152	353,740
Auditors' remuneration	26.3	1,249,500	750,000
Electricity		1,200,000	1,130,120
Repairs and maintenance		205,463	297,234
Entertainment		482,133	351,853
Printing, stationery and periodicals		2,042,451	2,143,978
Insurance		804,902	1,007,670
Donation	26.2	70,000	20,000
General expenses		2,040,400	3,198,647
		<b>175,151,721</b>	<b>163,110,365</b>

26.1 This includes a sum of Rs. 0.37 million (30 June 2017: Rs. 0.37 million) in respect of employee benefits - gratuity.

26.2 Donations of Rs. 20,000 and Rs. 50,000 were given to Fatimid Foundation and NED University for free medical treatment of needy patients and support to students respectively.

26.2.1 None of the directors and their spouses have interest in donees.

#### 26.3 Auditors' remuneration

	Note	30 June 2018	30 June 2017
(Rupees)			
Audit fee		529,500	450,000
Interim review		220,000	200,000
Certifications for regulatory purposes		375,000	75,000
Out of pocket expense		125,000	25,000
		<b>1,249,500</b>	<b>750,000</b>

### 27 OTHER EXPENSES

Workers' profit participation fund	23.2	7,229,562	15,625,400
Workers' welfare fund	23.3	2,891,825	6,250,160
Loss on sale of investment in Pakistan Investment Bonds	6.3.1	14,559,635	-
		<b>24,681,022</b>	<b>21,875,560</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 28 OTHER INCOME

#### Income from financial assets

	Note	30 June 2018	30 June 2017
(Rupees)			
Mark-up income from Participation Term Certificates		12,655,665	12,454,200
Mark-up income on term deposit receipts		2,955,815	12,862,710
Dividend income		-	7,620,680
- Associated company - Treet Corporation Limited		-	2,404,942
- Others	28.1	2,396,725	10,025,622
		<b>2,396,725</b>	<b>10,025,622</b>
Mark-up income on Pakistan Investment Bonds		11,501,110	3,875,000
Un-winding of mark-up on sale of dies	9.1	3,514,240	1,105,361
Mark-up income on loan to employees		1,285,422	1,172,439
Mark-up income on saving accounts		-	558,051
Mark-up income on loan to subsidiary	22.1	7,257,499	-
Others		1,587,976	184,596
		<b>43,154,452</b>	<b>42,237,979</b>
Income from assets other than financial assets		-	-
Gain on disposal of property, plant and equipment	4.1.7	25,447,982	24,383,164
Recovery from debtors written off		-	889,500
Others		1,862,071	2,208,920
		<b>27,310,053</b>	<b>27,481,584</b>
		<b>70,464,505</b>	<b>69,719,563</b>

28.1 This includes dividend received from Tri-Pack Films Limited amounting to Rs. 2.35 million (30 June 2017: Rs.2.35 million). The remaining amount being insignificant represents dividend received from Atlas Honda Limited, Indus Motor Company Limited, Agriauto Industries Limited, Baluchistan Wheels Limited, Atlas Battery Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Pakistan Limited, Hino Pak Motors Limited, Honda Atlas Cars (Pakistan) Limited and Ghandara Nissan Limited against investment as disclosed in note 13.

### 29 FINANCE COSTS

	Note	30 June 2018	30 June 2017
(Rupees)			
Mark-up on bank loans and borrowings		44,744,237	33,595,731
Mark-up on loans from subsidiary companies	22.2.1	19,548,674	22,282,853
Exchange loss		40,657,128	5,538,491
Finance lease charges		1,041,475	2,090,311
Mark-up on mobilization advance		1,304,980	2,046,396
Bank charges		2,109,016	1,486,882
Mark-up on workers' profit participation fund	23.2	798,224	691,679
		<b>110,203,734</b>	<b>67,732,343</b>

### 30 TAXATION

Current tax	30.3	46,161,520	36,928,764
Prior tax	30.4	(7,873,681)	(2,839,337)
Deferred tax	19.2	8,151,236	9,253,031
	30.1	<b>46,439,075</b>	<b>43,342,458</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 30.1 Reconciliation between tax expense and accounting profit

Profit before Taxation		<u>126,794,905</u>	<u>272,923,947</u>
Tax at the applicable rate of 30% (2017: 31%)		<b>38,038,472</b>	84,606,424
Effect of minimum tax		<b>32,874,771</b>	-
Prior year charge		<b>(7,873,681)</b>	(2,839,337)
Deferred tax not asset recognised		-	-
Tax effect of change in tax rates		<b>(1,571,640)</b>	(1,164,160)
Tax effect of income taxed at lower rate		<b>359,509</b>	(1,854,740)
Tax effect of tax credits	30.5	<b>(16,120,216)</b>	(33,623,591)
Tax effect of permanent differences		<b>731,860</b>	(1,782,138)
		<u><b>46,439,075</b></u>	<u>43,342,458</u>

**30.2** The returns of income tax have been filed up to and including tax year 2017. Except for tax years mentioned in note 15, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. Tax related contingencies are disclosed in note 15.

**30.3** Income tax for the year is calculated on the basis of minimum tax liability at the rate of 1.25% on turnover for the year less allowable tax credit on account of purchase of plant and machinery.

**30.4** This represents income tax reversed in respect of prior tax years on account of difference between tax assessed and tax charge in the financial statements in the prior years.

**30.5** This represents tax credit at the rate of 10% of purchase of plant and machinery under section 65B of the Income Tax Ordinance, 2001.

**30.6** Sufficient provision has been made in these unconsolidated financial statements taking into account the profit or loss for the year and various admissible allowances and deductions under the Income tax Ordinance, 2001. Comparison of tax provision as per unconsolidated financial statements and tax assessments including returns filed and deemed assessed for the last three years is as follows:

	30 June		
	2017	2016	2015
	----- (Rupees) -----		
Tax provision recognized in the consolidated financial statements	<u>36,928,764</u>	<u>51,411,085</u>	<u>39,704,024</u>
Tax charged as per tax assessments	<u>32,197,456</u>	<u>42,305,356</u>	<u>40,360,975</u>

### 31. EARNINGS PER SHARE - basic and diluted

		Un-consolidated		Consolidated	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
Profit for the year	Rupees	<u>80,355,830</u>	229,581,489	<u>154,911,054</u>	306,427,299
			(Restated)		(Restated)
Weighted average number of ordinary shares outstanding during the year	Number	<u>151,250,000</u>	132,851,370	<u>151,250,000</u>	132,851,370
Earnings per share - basic and diluted	Rupees	<u>0.53</u>	1.73	<u>1.02</u>	2.31

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 31.1 Weighted average number of ordinary shares

	30 June 2018	30 June 2017
	(Number)	
Issued ordinary shares at beginning of the year	<b>137,500,000</b>	75,000,000
Effect of ordinary shares issued during the year	-	34,794,521
Effect of bonus shares issued in the prior year	-	10,979,452
Effect of bonus shares issued during the year	<b>13,750,000</b>	12,077,397
Weighted average number of ordinary shares at end of the year	<u><b>151,250,000</b></u>	<u>132,851,370</u>

### 32. TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	30 June 2018	30 June 2017
			(Rupees)	
Specialized Autoparts Industries (Private) Limited	Subsidiary company - 54% holding (30 June 2017: 100%)	Toll manufacturing	<u>355,145,466</u>	309,496,337
		Payments made during the year	<u>391,032,815</u>	319,716,383
		Mark-up charged by related party	<u>11,215,334</u>	12,157,518
		Amount due at the year end	<u>249,292,684</u>	214,522,602
Multiple Autoparts Industries (Private) Limited	Subsidiary company - 60% holding (30 June 2017: 100%)	Toll manufacturing	<u>165,332,389</u>	124,000,772
		Payments made during the year	<u>174,491,322</u>	130,078,333
		Mark-up charged by related party	<u>4,232,291</u>	5,610,075
		Amount due at the year end	<u>137,273,803</u>	102,705,779
		Loan received	<u>11,500,000</u>	-
Hi-Tech Alloy Wheels Limited	Subsidiary company - 65.38% holding (30 June 2017: 100%)	Amount due at the year end	<u>508,051,412</u>	3,317,935
		Loan provided	<u>495,000,000</u>	-
		Shares Subscribed	<u>610,000,000</u>	249,960,000
Specialized Motorcycle (Private) Limited	Subsidiary company - 100% holding (30 June 2017: 100%)	Payments made during the year	-	14,400
		Repayment of loan	<u>1,884,000</u>	1,300,000
		Mark-up on loan	<u>4,101,049</u>	4,515,260
		Amount due at the year end	<u>67,496,966</u>	65,279,917
Provident fund	Defined benefit scheme	Receivable from provident fund	<u>8,701,174</u>	5,524,464
Employee benefits - gratuity	Defined contribution plan	Expense for the year	<u>1,718,497</u>	5,517,723
		Contribution paid during the year	<u>18,936,654</u>	-
		Balance at the year end asset / (liability)	<u>5,317,208</u>	(287,395)
Treet Corporation Limited	Associated company by virtue of common directorship	Mark-up income on PTCs	<u>12,655,665</u>	12,454,200
		Dividend income	-	7,620,680

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

32.2 The remuneration to Board of Directors (executive and non-executive) and all members of the Company's Management Team is disclosed in note 37 to these unconsolidated financial statements.

### 33. CASH AND CASH EQUIVALENTS

	Note	30 June 2018	30 June 2017
		(Rupees)	
Cash and bank balances	14	8,959,843	215,971,176
Short term financing	21	(1,439,632,009)	(28,395,236)
		<u>(1,430,672,166)</u>	<u>187,575,940</u>

33.1 Reconciliation of movement of and equity liabilities to cash flows arising from financing activities

	Liabilities				
	Short term financing	Liabilities against assets subject to finance lease	Due to related parties	Unclaimed dividend	Total
	----- (Rupees) -----				
Balance as at 1 July 2017	28,395,236	22,193,106	392,183,088	1,420,509	444,191,939
<b>Changes from financing cash flows</b>					
Repayment of loans and borrowings	-	-	(51,912,200)	-	(51,912,200)
Payment of finance lease liabilities	-	(22,851,639)	-	-	(22,851,639)
Dividend Paid	-	-	-	(135,346,501)	(135,346,501)
Proceeds from loans and borrowings	-	-	61,528,200	-	61,528,200
<b>Total changes from financing cash flows</b>	-	(22,851,639)	9,616,000	(135,346,501)	(148,582,140)
<b>Liability - related other changes</b>					
Change in short term financing - net	1,411,236,773	-	-	-	1,411,236,773
Dividend announced during the year	-	-	-	137,500,000	137,500,000
New finance leases	-	18,680,410	-	-	18,680,410
Finance cost	-	1,041,475	19,548,674	-	20,590,149
Trade payable	-	-	43,183,017	-	43,183,017
<b>Total liability - related other changes</b>	1,411,236,773	19,721,885	62,731,691	137,500,000	1,631,190,349
<b>Balance as at 30 June 2018</b>	<u>1,439,632,009</u>	<u>19,063,352</u>	<u>464,530,779</u>	<u>3,574,008</u>	<u>1,926,800,148</u>

### 34. FINANCIAL RISK MANAGEMENT

The Company has exposure to following risks from its use of financial instrument:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

#### 34.1 Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### 34.2 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30 June 2018	30 June 2017
Trade debts - net (unsecured)	8	350,809,641	223,972,326
Loans	10	15,783,108	9,196,371
Deposits and other receivables	9 & 11	75,054,802	74,282,889
Due from related parties - unsecured	22	518,518,738	12,992,725
Investments	13.1	32,948,685	47,527,425
Bank balances and term deposit receipts	14	8,261,844	215,722,640
		<u>1,001,376,818</u>	<u>583,694,376</u>

Credit rating and collaterals

Balances with banks are only held with reputable banks having sound credit ratings. The credit quality of Company bank balances can be assessed with reference of external credit ratings as follows:

Bank	Rating Agency	Short term rating	30 June 2018	
			(Rupees)	(%)
Bank AL Habib Limited	PACRA	A1+	5,679,755	68.7%
National Bank of Pakistan	JCR-VIS	A1+	1,458,936	17.7%
Habib Bank Limited	JCR-VIS	A1+	10,000	0.1%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	1,113,153	13.5%
			<u>8,261,844</u>	<u>100%</u>

Concentration of credit risk

Concentration of credit risk arise 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 indicate the relative sensitivity of the company's performance to developments affecting a particular industry. All of the Company's receivables are from distributors of automotive industries. Trade debts pertaining to four major customers of the Company aggregates to 84% as at 30 June 2018 (30 June 2017: 82%).

Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2018			30 June 2017		
	Gross	Impairment	Net	Gross	Impairment	Net
	----- (Rupees) -----					
Less than or equal to 30 days	269,319,506	-	269,319,506	186,763,991	-	186,763,991
More than 30 days but not more than 90 days	76,699,068	-	76,699,068	8,158,696	-	8,158,696
More than 90 days but not more than 180 days	3,754,241	-	3,754,241	19,371,586	405,606	18,965,980
More than 180 days	1,036,826	-	1,036,826	-	-	-
	<u>350,809,641</u>	<u>-</u>	<u>350,809,641</u>	<u>214,294,273</u>	<u>405,606</u>	<u>213,888,667</u>

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these unconsolidated financial statements. No trade debts are outstanding with related parties.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	30 June 2018					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
	------(Rupees)-----					
Non-derivative financial liabilities						
Short term financing	1,439,632,009	(1,461,370,453)	(727,158,128)	(734,212,325)	-	-
Trade and other payables	230,062,708	(230,062,708)	(185,844,876)	(44,088,832)	(129,000)	-
Due to related parties	464,530,779	(466,566,926)	(466,566,926)	-	-	-
Liabilities against assets subject to finance lease	19,063,352	(19,429,114)	(1,198,978)	(2,397,955)	(10,790,799)	(5,041,382)
Accrued mark-up on short term financing	19,248,522	(19,248,522)	(19,248,522)	-	-	-
Unclaimed dividend	3,574,008	(3,574,008)	(3,574,008)	-	-	-
	<b>2,176,111,378</b>	<b>(2,200,251,731)</b>	<b>(1,403,591,438)</b>	<b>(780,699,112)</b>	<b>(10,919,799)</b>	<b>(5,041,382)</b>
	30 June 2017					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	More than one year
	------(Rupees)-----					
Non-derivative financial liabilities						
Short term financing	28,395,236	(28,824,004)	(14,342,434)	(14,481,570)	-	-
Trade and other payables	197,425,428	(197,425,428)	(161,125,254)	(36,171,174)	(129,000)	-
Due to related parties	379,190,363	(381,042,630)	(381,042,630)	-	-	-
Liabilities against assets subject to finance lease	22,193,106	(23,665,259)	(1,191,946)	(2,383,892)	(10,727,515)	(9,361,906)
Accrued mark-up on short term financing	587,567	(587,567)	(587,567)	-	-	-
Unclaimed dividend	1,420,509	(1,420,509)	(1,420,509)	-	-	-
	<b>629,212,209</b>	<b>(632,965,397)</b>	<b>(559,710,340)</b>	<b>(53,036,636)</b>	<b>(10,856,515)</b>	<b>(9,361,906)</b>

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 34.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to all of the three risks which are as follows:

#### 34.4.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

#### Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2018			
	Rupees	USD	SGD	JPY
Creditors	89,010,987	627,849	45,555	7,079,451
<b>Net balance sheet exposure</b>	<b>89,010,987</b>	<b>627,849</b>	<b>45,555</b>	<b>7,079,451</b>
	30 June 2017			
	Rupees	USD	SGD	JPY
Creditors	128,508,982	827,140	32,535	41,813,310
<b>Net balance sheet exposure</b>	<b>128,508,982</b>	<b>827,140</b>	<b>32,535</b>	<b>41,813,310</b>
	Average rate		Balance sheet date rate	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
USD to Pak Rupees	113.94	107.35	123.02	104.85
SGD to Pak Rupees	81.84	78.40	87.49	76.19
JPY to Pak Rupees	1.02	0.98	1.10	0.94

#### Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2018 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2017.

	30 June 2018		30 June 2017	
	Profit and loss (Rupees)	Equity	Profit and loss (Rupees)	Equity
Effect of change in USD	5,405,780	5,405,780	5,986,922	5,986,922
Effect of change in SGD	279,024	279,024	171,062	171,062
Effect of change in JPY	545,118	545,118	2,596,607	2,596,607
<b>Gross exposure</b>	<b>6,229,922</b>	<b>6,229,922</b>	<b>8,754,591</b>	<b>8,754,591</b>

The Company does not have any foreign currency borrowing as at 30 June 2018.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 34.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit or loss sharing account.

At balance sheet date, details of the interest rate profile of the Company's interest bearing financial instruments were as follows:

	30 June 2018	30 June 2017
	(Rupees)	
<b>Variable rate instruments</b>		
Financial assets	15,783,108	51,602,345
Financial liabilities	<u>(1,727,088,009)</u>	<u>(306,235,236)</u>
	<u>(1,711,304,901)</u>	<u>(254,632,891)</u>
<b>Fixed rate instruments</b>		
Financial assets	556,146,939	222,229,777
Financial liabilities	<u>(19,063,352)</u>	<u>(22,193,106)</u>
	<u>537,083,587</u>	<u>200,036,671</u>

Fair value sensitivity analysis of fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2017.

	Profit or loss		Equity	
	100 bps increase (Rupees)	100 bps decrease	100 bps increase (Rupees)	100 bps decrease
<b>As at 30 June 2018</b>				
Cash flow sensitivity - variable rate instruments	<u>(11,979,134)</u>	11,979,134	<u>(11,979,134)</u>	11,979,134
<b>As at 30 June 2017</b>				
Cash flow sensitivity - variable rate instruments	<u>(1,756,967)</u>	1,756,967	<u>(1,756,967)</u>	1,756,967

### 34.4.3 Other price risk

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

As at 30 June 2018, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2018. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2017: 1%) and decreased by 1% (30 June 2017: 1%), with all other variables held constant and that the fair value of the Company's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2017: three years).

The impact below arises from the reasonable possible change in the fair value of listed equity securities:

	30 June 2018	30 June 2017
Effect on assets of an increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'		
	<u>660,833</u>	1,014,217
Effect on investments	<u>338,214</u>	486,740
Effect on profit and loss account	<u>322,620</u>	527,477
Effect on equity		
Effect on assets of an decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'		
	<u>(660,833)</u>	(1,014,217)
Effect on investments	<u>(338,214)</u>	(486,740)
Effect on profit and loss account	<u>(322,620)</u>	(527,477)
Effect on equity		

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2018 is not necessarily indicative of the effect on the Company's assets of future movements in the level of KSE 100 index.

### 34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

### 35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon. Capital signifies equity as shown in the balance sheet plus net debt. The gearing ratio of the Company is as follows:

	30 June 2018	30 June 2017
Debt	<b>1,765,399,883</b>	329,015,909
Total equity	<b>3,057,319,731</b>	3,143,195,315
Total capital	<b>4,822,719,614</b>	3,472,211,224
Gearing ratio	<b>37:63</b>	9:91

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

#### 36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. 36.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

Note	30 June 2018						Fair value				
	Fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2018											
Financial assets - measured at fair value											
Equity securities	872,703	32,261,953	-	-	-	-	33,134,656	33,134,656	-	-	33,134,656
Participation Term Certificates	32,948,685	-	-	-	-	-	32,948,685	32,948,685	-	-	32,948,685
Financial assets - not measured at fair value											
Subsidiaries - unlisted shares	36.1.1	-	-	-	1,159,960,000	-	1,159,960,000	-	-	-	-
Associate - listed shares	-	-	-	-	342,235,065	-	342,235,065	294,486,436	-	-	294,486,436
Trade debts	36.1.1	-	-	350,809,641	-	-	350,809,641	-	-	-	-
Loans	36.1.1	-	-	15,783,108	-	-	15,783,108	-	-	-	-
Deposits and other receivables	36.1.1	-	-	75,054,802	-	-	75,054,802	-	-	-	-
Due from related parties	36.1.1	-	-	518,518,738	-	-	518,518,738	-	-	-	-
Cash and bank balances	36.1.1	-	-	-	8,959,843	-	-	-	-	-	-
		<b>33,821,388</b>	<b>32,261,953</b>	<b>960,166,289</b>	<b>1,511,154,908</b>	<b>-</b>	<b>2,528,444,695</b>				
Financial liabilities - not measured at fair value											
Short term financing	36.1.1	-	-	-	-	1,439,632,009	1,439,632,009	-	-	-	-
Trade and other payables	36.1.1	-	-	-	-	230,062,708	230,062,708	-	-	-	-
Due to related parties	36.1.1	-	-	-	-	464,530,779	464,530,779	-	-	-	-
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	19,063,352	19,063,352	-	-	-	-
Accrued mark-up on short term financing	36.1.1	-	-	-	-	19,248,522	19,248,522	-	-	-	-
Unclaimed dividend	36.1.1	-	-	-	-	3,574,008	3,574,008	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,176,111,378</b>	<b>2,176,111,378</b>				
30 June 2017											
Note	Fair value through profit or loss	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2017											
Financial assets - measured at fair value											
Equity securities	1,146,573	52,747,744	-	-	-	-	53,894,317	53,894,317	-	-	53,894,317
Participation Term Certificates	47,527,425	-	-	-	-	-	47,527,425	47,527,425	-	-	47,527,425
Financial assets - not measured at fair value											
Subsidiaries - unlisted shares	36.1.1	-	-	-	550,000,000	-	550,000,000	-	-	-	-
Associate - listed shares	-	-	-	-	334,652,655	-	334,652,655	440,756,579	-	-	440,756,579
Debt securities	-	-	193,233,321	-	-	-	193,233,321	-	181,999,181	-	181,999,181
Trade debts	36.1.1	-	-	223,972,326	-	-	223,972,326	-	-	-	-
Loans	36.1.1	-	-	9,196,371	-	-	9,196,371	-	-	-	-
Deposits and other receivables	36.1.1	-	-	74,282,889	-	-	74,282,889	-	-	-	-
Due from related parties	36.1.1	-	-	-	12,992,725	-	12,992,725	-	-	-	-
Cash and bank balances	36.1.1	-	-	215,971,176	-	-	215,971,176	-	-	-	-
		<b>48,673,998</b>	<b>52,747,744</b>	<b>193,233,321</b>	<b>523,422,762</b>	<b>897,645,380</b>	<b>1,715,723,205</b>				
Financial liabilities - not measured at fair value											
Short term financing	36.1.1	-	-	-	-	28,395,236	28,395,236	-	-	-	-
Trade and other payables	36.1.1	-	-	-	-	197,425,428	197,425,428	-	-	-	-
Due to related parties	36.1.1	-	-	-	-	379,190,363	379,190,363	-	-	-	-
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	22,193,106	22,193,106	-	-	-	-
Accrued mark-up on short term financing	36.1.1	-	-	-	-	587,567	587,567	-	-	-	-
Unclaimed dividend	36.1.1	-	-	-	-	1,420,509	1,420,509	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>629,212,209</b>	<b>629,212,209</b>				

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

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	30 June 2018				30 June 2017			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees)							
Managerial remuneration	8,642,400	8,641,200	3,352,260	20,635,860	7,007,124	7,267,328	3,041,340	17,315,792
Housing and utilities	9,356,400	9,352,800	4,390,524	23,099,724	7,583,552	7,942,816	3,132,894	18,659,262
Bonus	4,158,000	3,975,000	1,703,080	9,836,080	5,200,000	5,400,000	2,340,928	12,940,928
Medical	608,192	2,928,678	207,157	3,744,027	536,848	738,379	270,236	1,545,463
Company's Contribution to retirement benefits funds	504,000	230,400	147,648	882,048	700,352	174,468	129,516	1,004,336
	<u>23,268,992</u>	<u>25,128,078</u>	<u>9,800,669</u>	<u>58,197,739</u>	<u>21,027,876</u>	<u>21,522,991</u>	<u>29,205,449</u>	<u>71,756,316</u>
Number of persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>5</u>

37.1 The aggregate amount paid to directors in respect of attending board and other meetings was Nil (2017: Nil).

37.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements. The approximate aggregate value of this benefit is Rs. 32.55 million (30 June 2017: Rs.25.21 million).

37.3 Executives represent those employees (other than the chief executive and directors), whose basic salaries exceed twelve hundred thousand rupees (Rs. 1.2 million) in a financial year.

37.4 There are nine directors including chief executive. Remuneration has been paid to two directors.

### 38. PROVIDENT FUND

The following information is based on latest unaudited financial statements of the fund:

	30 June 2018 (Un-audited)	30 June 2017 (Audited)
Size of the Fund	<u>65,520,542</u>	<u>73,772,442</u>
Cost of investment made	<u>57,460,495</u>	<u>36,312,716</u>
Fair value / amortised cost of investments	<u>58,373,463</u>	<u>37,815,792</u>
Percentage of investments made - based on fair value / amortised cost	<u>89.09%</u>	<u>51.26%</u>

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2018 (Un-audited)	30 June 2017 (Audited)	30 June 2018 (Un-audited)	30 June 2017 (Audited)
	(Rupees)	(Rupees)	(% of the size of the fund)	(% of the size of the fund)
Term finance certificates	140,000	140,000	0.21%	0.19%
Mutual Funds	12,760,854	2,048,614	19.48%	2.78%
Government securities	41,632,355	31,170,024	63.54%	42.25%
Equity securities	3,840,254	4,457,154	5.86%	6.04%
	<u>58,373,463</u>	<u>37,815,792</u>	<u>89%</u>	<u>51.26%</u>

The above investments out of provident fund have been made in accordance with the requirement of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

## Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2018

### 39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

### 40. NUMBER OF EMPLOYEES

	30 June 2018	30 June 2017
	(Numbers)	
Total number of employees at reporting date	<u>784</u>	<u>709</u>
Total number of factory employees at reporting date	<u>673</u>	<u>612</u>
Average number of employees during the year	<u>747</u>	<u>691</u>
Average number factory of employees during the year	<u>643</u>	<u>580</u>

### 41. OPERATING SEGMENTS

41.1 The financial information has been prepared on the basis of a single reportable segment.

41.2 Geographically, all the sales were carried out in Pakistan.

41.3 All non-current assets of the Company as at 30 June 2018 are located in Pakistan.

41.4 Sales to four major customers of the Company is around 86.9% during the year ended 30 June 2018 (30 June 2017: 87.8%).

### 42. GENERAL

#### 42.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up except for balance in saving accounts. Bank balances are placed with conventional banks in current and saving accounts. Other disclosures are included in notes 13 and 28.

#### 42.2 Events after the end of the reporting date

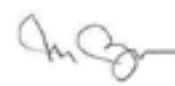
The directors in their meeting held on 1st October 2018, have recommended final dividend of Rs. Nil per share (2017: Re. 1 per share) in respect of year ended 30 June 2018 and have announced issue of bonus shares at the rate Nil (2017: 10%). Bonus shares will not be entitled to cash dividend.

#### 42.3 Authorisation for issue

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on 1st October 2018.

  
Chief Financial Officer

  
Chief Executive

  
Director



## Notice of 38th Annual General Meeting of Loads Limited

Notice is hereby given that the 38th Annual General Meeting of Loads Limited will be held on Thursday, October 25, 2018 at 11:15 a.m. at the Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

### Ordinary Business

1. To confirm minutes of the Extraordinary General Meeting of Loads Limited held on December 11, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018, together with the Directors' and Auditors' Reports thereon.
3. To appoint external auditors of the company for the year ending June 30, 2019 and to fix their remuneration. The retiring auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. Any other business with the permission of the Chair.

By Order of the Board

**Babar Saleem**  
Company Secretary

October 4, 2018  
Karachi

### Notes:

- (i) The Share Transfer Books of the Company will remain closed from October 18, 2018 to October 25, 2018 (both days inclusive) and any dividends/bonus will be paid to the Members whose names will appear in the Register of Members on October 17, 2018. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/S. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi, Telephone Number: 0800-23275, Fax: (92-21) 34326053, E-mail: info@cdcpak.com. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their Participants.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.
- (iii) **For Attending the Meeting**
  - (a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
  - (b) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.



**(iv) For Appointing Proxies**

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

**(v) Submission of copies of CNIC and NTN Certificate (Mandatory)**

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrants shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/S. Central Depository Company of Pakistan Limited, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

**(vi) Distribution of Annual Report through Email**

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan has under and pursuant to SRO No. 787(I)/2014 dated September 8, 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report, chairman's review and directors' report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. If not already provided, shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication Consent Form already dispatched, to the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited. In order to avail this facility a Standard Request Form is available at the Company's website: [www.loads-group.pk](http://www.loads-group.pk)

- (vii) Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Loads Limited holder \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.



## (iv) پرائسی کی تقرری کے لئے

- (a) انفرادی صورت میں کھاتے داروں یا قرضی کھاتے داروں یا ان افراد جن کے حصص گروپ اکاؤنٹ کی صورت میں ہو اور جن کی رجسٹریشن کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہوں، وہ مندرجہ بالا طریقہ کار کے مطابق اپنا پرائسی فارم پیش کر سکتے ہیں۔
- (b) پرائسی فارم پر دو گواہان کے دستخط ہونگے جن کے نام، پتے اور CNIC نمبر اس فارم پر درج ہونگے۔
- (c) اشخاص یا مالکان اور پرائسی کے CNIC یا پاسپورٹ کی مصدقہ نقول پرائسی فارم کے ساتھ منسلک کی جائیں گی۔
- (d) پرائسی اپنا CNIC یا اصل پاسپورٹ اجلاس میں حاضر ہوتے وقت پیش کرے گا۔
- (e) کارپوریٹ اثاثگی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / اختیار نامہ مع نامزد فرد کے نمونہ دستخط پرائسی فارم کے ساتھ پیش کرنا ہونگے (بشرطیکہ پہلے سے پیش نہ کئے ہوں)

## (v) CNIC اور NTN سرٹیفکیٹ کی نقول کی فراہمی (لازمی)

- سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق منافع منقسمہ کے پراہنوں پر لازمی طور پر حصص یافتگان کے کمیونٹریٹریڈ قومی شناختی کارڈ نمبر درج ہونے چاہئیں۔ حصص یافتگان سے درخواست ہے کہ وہ اپنی ذمہ داریوں کو پورا کرنے کے لئے اپنی CNIC کی نقول کمپنی کے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لینڈ کو بلا تاخیر فراہم کر دیں (اگر پہلے سے فراہم نہ کی گئی ہو)
- کمپنی کے ریکارڈ میں حصص یافتگان کی CNIC کی درست نقل موجود نہ ہونے کی صورت میں کمپنی منافع منقسمہ کے پراہنوں کو روکنے پر مجبور ہو جائے گی، جسے بعد ازاں شیئر رجسٹرار کو درست CNIC پیش کرنے پر SECP کی ہدایات کی پاسداری کرتے ہوئے جاری کیا جائے گا۔

## (vi) سالانہ رپورٹ کی تقسیم بذریعہ ای میل

- ہم تمام حصص یافتگان کو بخوشی اطلاع دیتے ہیں کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے SRO No. 787(D)/2014 مورخہ 8 جنوری 2018 کے تحت کمپنیز کو اپنے سالانہ میزائے اور منافع اور خسارے کے کھاتے، آئٹمز کی رپورٹ، شیئرمین کا جائزہ اور ڈائریکٹران کی رپورٹ وغیرہ (سالانہ رپورٹ) کے ساتھ سالانہ اجلاس عام کے نوٹس (نوٹس) کو اپنے حصص یافتگان کو بذریعہ ای میل بھیجنے کی اجازت دے دی ہے۔ کمپنی کے جن حصص یافتگان کو اب تک نہیں ملی ہیں، وہ کمپنی کی سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹس Electronic Communication Consent Form جسے پہلے ہی فراہم کر دیا گیا ہے، کو عمل کر کے کمپنی کے شیئر رجسٹرار، میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لینڈ کو ارسال کر دیں۔ اس سہولت سے استفادہ کے لئے معیاری درخواست فارم کمپنی کی ویب سائٹ [www.loads-group.pk](http://www.loads-group.pk) پر موجود ہے۔

- (vii) SECP کے سرکلر نمبر 10 مورخہ 21 مئی 2014 کے تحت، کمپنی کے کسی ایسے حصص یافتہ جس کے پاس مجموعی طور پر کمپنی کے 10 فیصد یا اس سے زیادہ حصص داری ہو اور کسی جنرالیٹی عمل وقوع پر رہائش پذیر ہو تو وہ اجلاس میں شرکت کے لئے وڈج کانفرنس کی درخواست اجلاس کی تاریخ سے 10 دن قبل بھیج سکتے ہیں، کمپنی اس کے شہر میں وڈج کانفرنس کی سہولت مہیا کرے گی بشرطیکہ یہ سہولت اس کے شہر میں موجود ہو۔ لہذا اس سلسلے میں درج نقل فارم بھریں اور کمپنی کے رجسٹرار پتے پر AGM کی تاریخ سے 10 دن قبل بھجوائیں۔

میں / ہم \_\_\_\_\_ جو کہ \_\_\_\_\_ لوڈز لینڈ کے \_\_\_\_\_ عمومی حصص کے مالک ہیں رجسٹر فولیو نمبر \_\_\_\_\_ کے تحت وڈج کانفرنس کی سہولت \_\_\_\_\_ پر کا انتخاب کرتے ہیں۔

## لوڈز لمیٹڈ کے 38 ویں سالانہ اجلاس عام کا نوٹس

مطلع کیا جا چکا ہے کہ لوڈز لمیٹڈ کا 38 واں سالانہ اجلاس عام بروز جمعرات 25 اکتوبر 2018 کو صبح 11:15 بجے انسٹیٹیوٹ آف چارٹرزڈ اکنامکس آف پاکستان (ICAP) کے آڈیٹوریم واقع چارٹرزڈ اکنامکس اینڈ بیورو، کلفٹن کراچی، پر منعقد ہوگا جس میں مندرجہ ذیل امور طے پائیں گے۔

عام امور

- 1- لوڈز لمیٹڈ کے غیر معمولی اجلاس عام مورخہ 11 دسمبر 2017 کی کارروائی کی توثیق۔
- 2- کمپنی کے مالیاتی گوشوارے برائے مقررہ سال 30 جون 2018 کے ساتھ ڈائریکٹران اور آڈیٹرز کی رپورٹ کی وصولی، غور اور ان کی منظوری۔
- 3- سال 30 جون 2019 کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کا معاوضہ طے کرنا۔ رٹائر ہونے والے آڈیٹرز میسرز کے بی ایم جی ٹاٹیر ہادی اینڈ کو، چارٹرزڈ اکنامکس نے اہلیت کے باعث اپنی دوبارہ تقرری کی پیشکش کی ہے۔
- 4- صدر مجلس کی اجازت سے مزید کسی امور کی انجام دہی۔

تکمیل بورڈ

محمد سعید احمد  
کمپنی سیکریٹری  
بارہ سلیم

کراچی  
اکتوبر 4، 2018  
گزارشات:

(i) کمپنی کی حصص منتقلی کی کتابیں 18 اکتوبر 2018 سے 25 اکتوبر 2018 (دولوں دن شامل ہونگے) تک بند رہیں گی اور کوئی متعلقہ حقدار/ممبر ان کو ادائیگی جانے کا جن کے نام 17 اکتوبر 2018 کو ممبران کے رجسٹر میں موجود ہونگے۔ ممبران (سی ڈی سی کے بغیر) سے درخواست کی جاتی ہے کہ کمپنی کے رجسٹرار کو فوری طور پر اپنے پتے میں تبدیلی سے مطلع کر دیں اور اگر لاگو ہو تو زکوٰۃ کی عدم کنوٹی کا فارم CZ-50 کمپنی کے رجسٹرار میسرز سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی انٹرا نیشن، مین شاہراہ فیصل، کراچی، فون نمبر: 0800-23275، فیکس (21-92) 34326053، ای میل: info@edepak.com کو پیش کر دیں۔ وہ تمام ممبران جن کی ملکیت میں کمپنی کے حصص CDC کے ذریعے ہیں تو وہ اپنے پتے اور زکوٰۃ کی حیثیت اپنے شرکاء کے ساتھ فراہم کریں۔

(ii) جو ممبر شرکت کرنے اور ووٹ دینے کا اہل ہو وہ اپنی طرف سے حاضر ہونے اور ووٹ دینے کے لئے کسی دیگر ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کے موثر ہونے کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرار آفس میں اجلاس منعقد ہونے سے کم از کم 48 گھنٹے قبل موصول ہوں۔ پراکسی کمپنی کا ممبر ہونا چاہئے۔ CDC کے کھاتے داروں کو مزید سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کئے گئے سرکلر 1 مورخہ 26 جنوری 2000 میں دیئے گئے رجسٹر اصولوں پر عمل پیرا ہونا پڑے گا۔

(iii) اجلاس میں حاضری کے لئے

(a) انفرادی صورت میں کھاتے داروں یا قریبی کھاتے داروں یا ان افراد جن کے حصص گروپ اکانٹ کی صورت میں ہوں اور جن کی رجسٹریشن کی تفصیلات ریگولیشنز کے تحت اپ لوڈ کر دی گئی ہوں، ان کو اپنی شناخت ثابت کرنے کے لئے اپنا اصل قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ اجلاس میں حاضر ہوتے وقت پیش کرنا ہوگا۔

(b) کارپوریٹ اثاثگی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/اختیار نامہ صحیح نامزد فرد کے نمونہ دستخط اجلاس میں حاضر ہوتے وقت پیش کرنا ہونگے (بشرطیکہ پہلے سے پیش نہ کئے ہوں)



# Pattern of Shareholding

As of June 30, 2018

# Of Shareholders	Shareholdings Slab			Total Shares Held
1284	1	to	100	47,749
1102	101	to	500	339,060
2519	501	to	1000	1,668,078
3313	1001	to	5000	7,129,532
650	5001	to	10000	4,601,349
258	10001	to	15000	3,103,594
101	15001	to	20000	1,791,184
76	20001	to	25000	1,725,969
50	25001	to	30000	1,374,281
29	30001	to	35000	958,006
33	35001	to	40000	1,245,739
19	40001	to	45000	821,421
31	45001	to	50000	1,497,523
14	50001	to	55000	745,693
9	55001	to	60000	521,965
7	60001	to	65000	439,750
9	65001	to	70000	611,300
8	70001	to	75000	582,107
3	75001	to	80000	235,579
6	80001	to	85000	494,179
5	85001	to	90000	441,637
5	90001	to	95000	463,845
9	95001	to	100000	891,341
4	100001	to	105000	417,037
8	105001	to	110000	879,492
6	110001	to	115000	679,560
5	115001	to	120000	594,487
2	125001	to	130000	254,500
2	135001	to	140000	276,375
3	140001	to	145000	423,719
2	145001	to	150000	295,700
2	150001	to	155000	306,942
5	160001	to	165000	814,359
1	165001	to	170000	169,323
2	170001	to	175000	342,047
1	175001	to	180000	176,295
3	185001	to	190000	562,650
1	190001	to	195000	192,500
2	195001	to	200000	393,694
1	205001	to	210000	205,500
2	210001	to	215000	421,227
1	220001	to	225000	224,475
1	245001	to	250000	250,000
2	250001	to	255000	507,375
2	285001	to	290000	575,352
3	295001	to	300000	893,803
1	355001	to	360000	359,927
1	380001	to	385000	383,250
1	635001	to	640000	638,000
1	820001	to	825000	824,706
1	865001	to	870000	865,050
1	870001	to	875000	872,797
1	875001	to	880000	876,000
1	930001	to	935000	930,750
1	1080001	to	1085000	1,081,250
1	1695001	to	1700000	1,698,040
2	1930001	to	1935000	3,866,322
1	2395001	to	2400000	2,398,513
1	3055001	to	3060000	3,058,550
1	3145001	to	3150000	3,148,398
1	3435001	to	3440000	3,438,600
1	3510001	to	3515000	3,513,977
1	18895001	to	18900000	18,895,057
1	62810001	to	62815000	62,813,520
9628				151,296,000

# Pattern of Shareholding

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage	
<b>Directors and their spouse(s) and minor children &amp; Sponsors</b>				
SYED SHAHID ALI SHAH	1	62,819,872	41.53	
SAULAT SAID	1	7,527	0.00	
MUNIR KARIM BANA	1	3,513,977	2.32	
MOHAMMAD ZIAUDDIN	1	824,708	0.55	
SYED SHERYAR ALI	1	7,582	0.00	
NAJAM I.CHAUDHRI	1	99,000	0.07	
AMIR ZIA	1	605	0.00	
SHAMIM AHMED SIDDIQUI	1	588	0.00	
LUBNA SALEEM PERVEZ	1	500	0.00	
<b>Associated Companies, undertakings and related parties</b>				
TREET CORPORATION LIMITED.	1	18,895,057	12.49	
<b>Executives</b>				
	5	27,286	0.02	
<b>Public Sector Companies and Corporations</b>				
	-	-	-	
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>				
	13	4,168,007	2.76	
<b>Mutual Funds</b>				
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	55,000	0.04	
CDC - TRUSTEE FAYSAL STOCK FUND	1	61,000	0.04	
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	48,000	0.03	
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	97,000	0.06	
CDC - TRUSTEE MCB DCF INCOME FUND	1	25,500	0.02	
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	20,000	0.01	
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	33,800	0.02	
CDC - TRUSTEE NIT INCOME FUND - MT	1	68,000	0.04	
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	12,500	0.01	
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	111,500	0.07	
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	20,500	0.01	
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	3,000	0.00	
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	1	5,000	0.00	
CDC - TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	1	2,000	0.00	
<b>General Public</b>				
a. Local	9483	51,468,928	34.03	
b. Foreign	8	135,005	0.09	
<b>Foreign Companies</b>				
	1	152,000	0.10	
<b>Others</b>				
	86	8,568,570	5.67	
<b>Totals</b>		<b>9620</b>	<b>151,250,000</b>	<b>100.00</b>

## Share holders holding 5% or more

	Shares Held	Percentage
SYED SHAHID ALI SHAH	62,819,872	41.53
TREET CORPORATION LIMITED.	18,895,057	12.49












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\*Mobile apps are also available for download for android and ios devices







**Loado Limited**  
**Plot# 23, Sector 19,**  
**Korangi Industrial Area,**  
**Karachi-74900, Pakistan.**

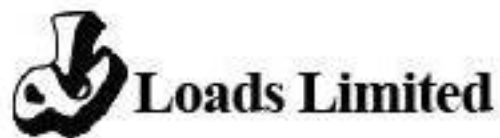
**AFFIX**  
**CORRECT**  
**POSTAGE**  
**STAMPS**



ڈاک ٹکٹ  
یہاں چسپاں کریں

لوڈز لمیٹڈ  
پلاٹ نمبر 23، سیکٹر 19،  
کورنگی انڈسٹریل ایریڈ،  
کراچی 74900، پاکستان۔





Plot# 23, Sector 19, Korangi Industrial Area, Karachi-74900.  
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