



KPMG Taseer Hadi & Co.  
Chartered Accountants

**Multiple Autoparts Industries  
(Private) Limited**

Financial Statements  
For the year ended 30 June  
2018

Multiple Autoparts Industries (Private) Limited  
Statement of Financial Position  
As at 30 June 2018

	Note	30 June 2018	30 June 2017
(Rupees)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	53,395,851	49,456,577
Investment in associated company	5	50,000,000	-
<b>Current assets</b>			
Stores and spares	17.1	8,152,729	9,048,480
Loans and advances	6	1,809,579	1,283,330
Trade deposits, prepayments and other receivables	7	5,129,428	4,774,243
Due from related parties	8	138,092,309	102,705,779
Investments	9	2,559,675	1,989,319
Taxation - net	10	1,596,397	3,310,003
Cash and bank balances	11	7,887,256	2,879,282
		165,227,373	125,990,436
<b>Total assets</b>		<b>268,623,224</b>	<b>175,447,013</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 20,000,000 (30 June 2017: 7,500,000) ordinary shares of Rs. 10 each		200,000,000	75,000,000
Issued, subscribed and paid-up share capital	12	125,000,000	75,000,000
Un-appropriated profit		114,181,759	76,612,497
		239,181,759	151,612,497
<b>Non-current liabilities</b>			
Deferred tax liability	13	8,180,981	8,384,663
<b>Current liabilities</b>			
Trade and other payables	14	21,260,484	15,449,853
<b>Total equity and liabilities</b>		<b>268,623,224</b>	<b>175,447,013</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15		

The annexed notes 1 to 31 form an integral part of these financial statements.

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Chief Executive



Director

Multiple Autoparts Industries (Private) Limited  
Statement of Profit or Loss  
For the year ended 30 June 2018

	Note	30 June 2018	30 June 2017
		(Rupees)	
Revenue	16	165,332,389	124,000,772
Cost of toll manufacturing services	17	(108,297,679)	(95,249,937)
<b>Gross profit</b>		<b>57,034,710</b>	<b>28,750,835</b>
Administrative and selling expenses	18	(4,736,090)	(3,816,335)
		<b>52,298,620</b>	<b>24,934,500</b>
Other expenses	19	(4,096,311)	(2,310,329)
Other income	20	4,592,892	5,967,087
		<b>52,795,201</b>	<b>28,591,258</b>
Financial charges	21	(87,447)	(108,044)
<b>Profit before taxation</b>		<b>52,707,754</b>	<b>28,483,214</b>
Taxation	22	(15,138,492)	(6,597,665)
<b>Profit after taxation</b>		<b>37,569,262</b>	<b>21,885,549</b>
<b>Earnings per share - basic and diluted</b>	23	<b>4.45</b>	<b>2.92</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

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Chief Executive

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Director

Multiple Autoparts Industries (Private) Limited  
Statement of Comprehensive Income  
For the year ended 30 June 2018

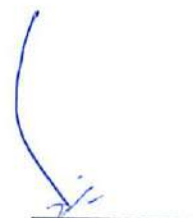
	30 June 2018	30 June 2017
	(Rupees)	
Profit for the year	37,569,262	21,885,549
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b><u>37,569,262</u></b>	<b><u>21,885,549</u></b>

The annexed notes 1 to 31 form an integral part of these financial statements.

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Chief Executive



Director

# Multiple Autoparts Industries (Private) Limited

## Statement of Changes in Equity

For the year ended 30 June 2018

Note	Share capital	Revenue reserve	Total
	Issued, subscribed and paid up capital	Unappropriated profit	
	----- Rupees -----		
Balance as at 1 July 2016	75,000,000	54,726,948	129,726,948
<b>Total comprehensive income for the year ended 30 June 2017</b>			
Profit for the year	-	21,885,549	21,885,549
Other comprehensive income	-	-	-
	-	21,885,549	21,885,549
<b>Balance as at 30 June 2017</b>	<b>75,000,000</b>	<b>76,612,497</b>	<b>151,612,497</b>
<b>Total comprehensive income for the year ended 30 June 2018</b>			
Profit for the year	-	37,569,262	37,569,262
Other comprehensive income	-	-	-
	-	37,569,262	37,569,262
<b>Transactions with owners of the Company</b>			
Issuance of 5 million right shares at the rate of Rs. 10 each	12.3 50,000,000	-	50,000,000
<b>Balance as at 30 June 2018</b>	<b>125,000,000</b>	<b>114,181,759</b>	<b>239,181,759</b>

The annexed notes 1 to 31 form an integral part of these financial statements.

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Chief Executive

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Director



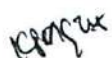
# Multiple Autoparts Industries (Private) Limited

## 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 for the year		52,707,754	28,483,214
<b>Adjustments for non-cash income and expenses:</b>			
Mark-up income	20	(4,589,908)	(5,915,123)
Depreciation	4.1	3,401,518	3,139,634
Gain on sale of investments		-	(24,844)
Dividend income	20	(2,984)	(21,056)
Unrealised loss on re-measurement of investments at fair value through profit or loss - at initial recognition	19	158,181	105,858
		<b>51,674,561</b>	<b>25,767,683</b>
<b>Changes in working capital</b>			
<i>(Increase) / decrease in current assets</i>			
Loans and advances		(526,249)	4,011,046
Trade deposits and other receivables		(355,185)	(1,158,828)
Due from parent company - unsecured		(18,835,733)	(20,083,645)
Due from group company		(818,506)	-
Stores and spares		895,751	161,651
		<b>(19,639,922)</b>	<b>(17,069,776)</b>
<i>Increase in current liabilities</i>			
Trade and other payables		5,810,631	5,911,749
<b>Cash generated from operations</b>		<b>37,845,270</b>	<b>14,609,656</b>
Income tax paid		(13,628,568)	(9,682,403)
<b>Net cash inflow from operating activities</b>		<b>24,216,702</b>	<b>4,927,253</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,340,792)	(5,507,462)
Purchase of investments		(725,553)	(2,095,177)
Investment in associated company	5	(50,000,000)	-
Dividend received		-	21,056
Mark-up received		357,617	305,048
Proceeds from sale of investments		-	575,127
Loan to parent company - unsecured		(11,500,000)	-
<b>Net cash outflow from investing activities</b>		<b>(69,208,728)</b>	<b>(6,701,408)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	12	50,000,000	-
Net cash inflow from financing activities		50,000,000	-
Net increase / (decrease) in cash and cash equivalents		5,007,974	(1,774,155)
Cash and cash equivalents at beginning of the year		2,879,282	4,653,437
<b>Cash and cash equivalents at end of the year</b>	11	<b>7,887,256</b>	<b>2,879,282</b>

The annexed notes 1 to 31 form an integral part of these financial statements.





Chief Executive



Director

# Multiple Autoparts Industries (Private) Limited

## Notes to the Financial Statements

For the year ended 30 June 2018

### 1. CORPORATE AND GENERAL INFORMATION

#### 1.1 Legal status and operations

Multiple Autoparts Industries (Private) Limited ("the Company") was incorporated in Pakistan on 14 May 2004 as a private limited company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The principal object of the Company is to manufacture and sell components for the automotive industry. Presently, the Company is engaged in providing toll manufacturing services to its parent company.

The Company is a subsidiary of Loads Limited (the parent company), whose shares are listed on Pakistan Stock Exchange Limited.

The geographical location and address of the Company's business unit, including plant is as under:

- The Company's registered office and plant is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.
- The Company's plant is located at DSU-38 Downstream Industrial Estate Pakistan Steel Mills Bin Qasim Town, Karachi

#### 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:

- The Company has invested Rs. 50 million in Hi-Tech Alloy Wheels Limited (formerly Hi-Tech Autoparts (Private) Limited), an associate company (refer to note 5);
- The Company has given loan to Loads Limited (parent company) amounting to Rs. 11.5 million (refer to note 8);
- During the year the Company increased its authorized share capital from Rs. 75 million to Rs. 200 million (refer to note 12);
- The Company issued 5 million shares to Hi-Tech Alloy Wheels Limited (formerly Hi-Tech Autoparts (Private) Limited), an associate company (refer to note 12); and
- 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, 8, 12.1, 15, 18.1, 22.3, 24 and 30.

### 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 comprise 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.

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**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 (SECP) vide circular no. 23 of 2017 dated October 4, 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before December 31, 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 financial statements have been prepared under the historical cost convention except for certain investments which are stated at fair value.

## **2.3 Functional and presentation currency**

These financial statements are presented in Pak rupees which is also the Company's functional currency and has been rounded to the nearest rupee.

## **2.4 Key judgements and estimates**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions 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 Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property, plant and equipment (note 3.1 and 4)
- Provision for impairment of stores and spares and other receivable (note 3.2)
- Taxation (note 3.5 and 22)
- Classification and valuation of financial instruments (notes 3.9 and 9)
- Provision for impairment of financial and non financial assets (note 3.9.5)
- 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

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- 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 the 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 the Company's financial statements.
- 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



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:
- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' - 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 financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these 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**

##### *Initial recognition*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Leasehold 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.

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### *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 whereby the cost of an asset is written off to profit or loss account over its estimated useful life by applying the rates mentioned in note 4.1 to the financial statements.

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, useful lives 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 and loss account.

## **3.2 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.

## **3.3 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.

## **3.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

## **3.5 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 tax*

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.

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### *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.

### **3.6 Trade payable and other liabilities**

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

### **3.7 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) 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.

### **3.8 Revenue recognition**

- Revenue from rendering of toll manufacturing services is recognized when the services are received (i.e. on delivery and acceptance of manufactured goods by the customer).
- Gains / (losses) arising on sale of investments are included in the profit or loss account in the period in which they arise.
- Dividend income is recognised when the Company's right to receive payment have been established and is recognised in profit or loss and included in other income when the Company's right to receive payment has been established.

### **3.9 Financial instruments**

The Company classifies its financial assets into the following categories: "financial assets at fair value through profit or loss" and "loans and receivables".

The Company classifies its financial liabilities in "other financial liabilities" category.

#### **3.9.1 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.

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 expired.

#### **3.9.2 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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.

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### 3.9.3 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.

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) 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.

### 3.9.4 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.

### 3.9.5 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 account 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.

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## Non-financial assets

The carrying amounts of non-financial assets other than stores and spares 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 account.

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.

### 3.10 Employee benefits - Provident Fund

The Company operates an un-registered provident fund (the Fund) for its employees. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 10% of basic salary.

### 3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan 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 at the rates of exchange ruling on the balance sheet 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.

### 3.12 Earnings per share

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

### 3.13 Investment in associate

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

4.	PROPERTY, PLANT AND EQUIPMENT	Note	30 June	30 June
			2018	2017
			(Rupees)	
	Operating property, plant and equipment	4.1	50,277,888	48,175,032
	Capital work-in-progress	4.2	3,117,963	1,281,545
			<u>53,395,851</u>	<u>49,456,577</u>

Kyrgyzstan



#### 4.1 Operating property, plant and equipment

		30 June 2018									
Note		Cost				Rate	Accumulated Depreciation				Net book value as at 30 June 2018
		As at 01 July 2017	Additions / transfers	(Disposal)	As at 30 June 2018		As at 01 July 2017	For the year	(Disposal)	As at 30 June 2018	
		(Rupees)					%	(Rupees)			
Leasehold land	4.1.3	2,952,365	-	-	2,952,365	-	-	-	-	-	2,952,365
Building on leasehold land	4.1.3	47,623,596	2,215,876	-	49,839,472	5	18,372,235	1,479,568	-	19,851,803	29,987,669
Plant and machinery		29,586,554	2,983,326	-	32,569,880	10	15,789,725	1,595,754	-	17,385,479	15,184,401
Tools and equipment		174,160	180,000	-	354,160	10	59,116	17,520	-	76,636	277,524
Furniture, fixtures and office equipment		4,383,733	125,172	-	4,508,905	10 - 30	2,515,906	270,355	-	2,786,261	1,722,644
Vehicles		1,604,299	-	-	1,604,299	20	1,412,693	38,321	-	1,451,014	153,285
		<b>86,324,707</b>	<b>5,504,374</b>	<b>-</b>	<b>91,829,081</b>		<b>38,149,675</b>	<b>3,401,518</b>	<b>-</b>	<b>41,551,193</b>	<b>50,277,888</b>
30 June 2017											
Note		Cost				Rate	Accumulated Depreciation				Net book value as at 30 June 2017
		As at 01 July 2016	Additions / transfers	(Disposal)	As at 30 June 2017		As at 01 July 2016	For the year	(Disposal)	As at 30 June 2017	
		(Rupees)					%	(Rupees)			
Leasehold land	4.1.3	2,952,365	-	-	2,952,365	-	-	-	-	-	2,952,365
Building on leasehold land	4.1.3	45,560,939	2,062,657	-	47,623,596	5	16,892,085	1,480,150	-	18,372,235	29,251,361
Plant and machinery		26,602,554	2,984,000	-	29,586,554	10	14,485,903	1,303,822	-	15,789,725	13,796,829
Tools and equipment		174,160	-	-	174,160	10	46,333	12,784	-	59,116	115,044
Furniture, fixtures and office equipment		4,155,320	228,413	-	4,383,733	10 - 30	2,220,930	294,976	-	2,515,906	1,867,827
Vehicles		1,604,299	-	-	1,604,299	20	1,364,791	47,902	-	1,412,693	191,606
		<b>81,049,637</b>	<b>5,275,070</b>	<b>-</b>	<b>86,324,707</b>		<b>35,010,042</b>	<b>3,139,634</b>	<b>-</b>	<b>38,149,675</b>	<b>48,175,032</b>

4.1.1 Depreciation has been allocated to cost of toll manufacturing services as all assets are utilised in the toll manufacturing activity.

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

4.1.3 The lease hold land and building is situated at DSU-38 Downstream Industrial Estate, Pakistan Steel Mills Bin Qasim Town, Karachi covering an area of 56,880 square meters respectively.

#### 4.2 Capital work-in-progress

Note	30 June 2018	30 June 2017
	(Rupees)	
4.2.1	3,117,963	1,281,545

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

Balance at beginning of the year	1,281,545	1,039,739
Additions during the year	4,052,294	2,304,463
Transferred to operating property, plant and equipment	(2,215,876)	(2,062,657)
Balance at end of the year	<b>3,117,963</b>	<b>1,281,545</b>

#### 5. INVESTMENT IN ASSOCIATED COMPANY - Unlisted

30 June 2018	30 June 2017		
(Number of shares)		Unlisted	
5,000,000	-	Hi-Tech Alloy Wheels Limited (HAWL) (formerly Hi-Tech Autoparts (Private) Limited) (Chief Executive - Munir K. Bana) (3.8%)	5.1
			50,000,000

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- 5.1 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 5 million and 15 million shares to the Multiple Autoparts Industries (Private) Limited (MAIL) and Specialised Autoparts Industries (Private) Limited (SAIL) 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.

The breakup value of HAWL as at 30 June 2018 was Rs. 10.71 per share (30 June 2017: Rs. 9.92 per share).

- 5.2 Investments in associated company has been made in accordance with the requirements of the Companies Act, 2017.

- 5.3 Equity method is not applied to account for investment in associates due to the fact that the Company complied with the conditions for exemptions as mentioned in International Accounting Standards - 28 "Investments in Associates and Joint Ventures" (IAS - 28), which are as follows:

- the Company is a wholly owned subsidiary, or is a partially owned subsidiary and its other owners (including those not otherwise entitled to vote) have been informed about, and do not object to, the entity not applying the equity method;
- the Company's debt or equity instruments are not traded in a public market, including stock exchanges and over-the-counter markets;
- the Company did not file, and is not in the process of filing, its financial statements with a regulatory organization for the purpose of issuing any class of instruments in a public market; and
- the ultimate parent of the Company (Loads Limited) produces financial statements that comply with IFRS as applicable in Pakistan - i.e. in those financial statements, subsidiaries are consolidated.

Therefore, the investment in associate is carried at cost.

- 5.4 Summarized financial information based on latest available audited financial statements of HAWL is as follows:

	30 June 2018
Direct shareholding (Percentage)	3.80%
Effective holdings* (Percentage)	3.86%
Non-current assets (Rupees)	1,421,927,924
Current assets (Rupees)	533,457,459
Non-Current liabilities (Rupees)	(36,339,781)
Current liabilities (Rupees)	(509,979,483)
Net assets (Rupees)	1,409,066,119
Revenue (Rupees)	-
Loss after tax (Rupees)	(8,539,073)
Other comprehensive income (Rupees)	-
Total comprehensive income (Rupees)	(8,539,073)

\*due to cross holdings

## 6. LOANS AND ADVANCES

	Note	30 June 2018	30 June 2017
		(Rupees)	
Loans to employees - considered good	6.1	362,790	127,916
Loans to workers - considered good	6.2	1,446,789	1,155,414
		<u>1,809,579</u>	<u>1,283,330</u>

- 6.1 These represent loans provided to executive staff having maturity of 12 months. These loans carry mark-up at the rate of 7% (30 June 2017: 7%) per annum.

- 6.2 These represents loans provided to workers for personal expenses having maturity of 12 months. These loans carry mark-up at the rate of 7% (30 June 2017: 7%) per annum.

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**7. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Note

30 June

30 June

2018

2017

(Rupees)

Trade and other deposits

7.1

1,748,710

1,748,710

Advances to suppliers and prepayments

3,110,590

2,035,566

Receivable from employees

270,128

59,934

Sales tax receivable

-

930,033

5,129,428

4,774,243

**7.1 Trade and other deposits - considered good**

**Deposits to**

- K-Electric Limited

750,000

750,000

- Sui Southern Gas Company Limited

917,275

917,275

- Pakistan Steel Mills Corporation (Private) Limited

81,435

81,435

1,748,710

1,748,710

**8. DUE FROM RELATED PARTIES**

**Considered good - unsecured**

Loan to parent company - Loads Limited

8.1

81,450,000

69,950,000

Trade receivable from parent company - Loads Limited

8.2

43,692,621

24,856,888

Due from group company - Specialized Autoparts Industries (Private) Limited

8.3

818,506

-

Mark-up receivable from parent company - Loads Limited

8.1

12,131,182

7,898,891

138,092,309

102,705,779

**8.1** This represents loan given to Loads Limited, the parent company, which is receivable on demand and carries mark-up at the rate of 1 month KIBOR plus 1% (2017: 1.75%)

**8.2 Trade receivable**

These represent receivables against toll manufacturing services only rendered to the parent company.

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 due	Maximum amount outstanding at any time during the year
------------------	-----------------	------------------------------------	---	------------------------	----------------	--

(Rupees)

30 June 2018

Loads Limited

43,692,621

30,222,143

-

-

43,692,621

69,811,412

30 June 2017

Loads Limited

24,856,888

24,856,888

-

-

24,856,888

10,295,224

**8.2.1 Age analysis of trade receivables 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)

30 June 2018

Loads Limited

13,470,478

14,154,970

14,050,972

2,016,201

-

43,692,621

30 June 2017

Loads Limited

-

10,295,224

8,748,455

5,784,004

29,205

24,856,888

**8.3 Due from group company**

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 due	Maximum amount outstanding at any time during the year
------------------	-----------------	------------------------------------	---	------------------------	----------------	--

(Rupees)

30 June 2018

Specialized Autoparts Industries (Private) Limited

-

818,506

-

-

818,506

1,261,038

30 June 2017

Specialized Autoparts Industries (Private) Limited

-

-

-

-

-

-

**8.3.1 Age analysis of other receivables 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)

30 June 2018

Specialized Autoparts Industries (Private) Limited

-

-

-

-

818,506

818,506

30 June 2017

Specialized Autoparts Industries (Private) Limited

-

-

-

-

-

-

**8.4** The Company has not recognised any provision against overdue balances as the amount is due from related parties and the amount is not yet received due to cash flow management.

**8.5** As at 30 June 2018, the net assets of Loads Limited and Specialized Autoparts (Private) Limited amounted to Rs. 3,057.32 million (2017: Rs. 3,143.20 million) and Rs. 517.73 million (2017: 312.60) respectively.

*K. S. S. S.*



9. INVESTMENTS - at fair value through profit or loss - at initial recognition

Name of Fund	30 June 2018						
	As at 1 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 gain/(loss) as at 30 June 2018
	Number of units			(Rupees)			
NAFA Riba Free Savings Fund	4,568	-	-	4,568	48,535	48,974	2,438
NAFA Islamic Active Allocation Plan IV	5,263	22	-	5,285	573,191	515,717	(57,474)
NAFA Islamic Active Allocation Plan VI	14,524	-	-	14,524	1,371,830	1,294,485	(107,345)
NAFA Islamic Capital Preservation Plan-II	-	7,283	-	7,283	725,239	730,439	4,190
					<u>2,717,856</u>	<u>2,559,675</u>	<u>(158,181)</u>

Name of Fund	30 June 2017						
	As at 1 July 2017	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 gain/(loss) as at 30 June 2017
	Number of units			(Rupees)			
NAFA Islamic Asset Allocation Fund	35,283	-	(35,283)	-	-	-	-
NAFA Riba Free Savings Fund	-	4,568	-	4,568	48,502	48,538	(36)
NAFA Islamic Active Allocation Plan IV	-	5,263	-	5,263	545,163	570,953	25,790
NAFA Islamic Active Allocation Plan VI	-	14,524	-	14,524	1,503,212	1,371,830	(131,382)
					<u>2,095,177</u>	<u>1,989,319</u>	<u>(105,858)</u>

10. TAXATION - net

	30 June 2018	30 June 2017
	(Rupees)	
Provision for income tax	(15,342,174)	(8,710,157)
Advance income tax	<u>16,938,571</u>	<u>10,020,160</u>
	<u>1,596,397</u>	<u>3,310,003</u>

11. CASH AND BANK BALANCES

Cash on hand	428,580	388,375
Cash at bank - in current accounts	<u>7,483,666</u>	<u>2,510,907</u>
	<u>7,912,246</u>	<u>2,899,282</u>

11.1 Reconciliation of movement of share capital to cash flows arising from financing activities

	30 June 2018
	Share Capital (Rupees)
Balance as at 1 July 2017	75,000,000
Changes from financing cash flows	
Proceeds from issue of share capital	50,000,000
Balance as at 30 June 2018	<u>125,000,000</u>

12. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

30 June 2018	30 June 2017		Note	30 June 2018	30 June 2017
(Number of shares)				(Rupees)	
<u>12,500,000</u>	<u>7,500,000</u>	Ordinary shares of Rs. 10 each fully paid in cash	12.3	<u>125,000,000</u>	<u>75,000,000</u>

12.1 Reconciliation of number of shares outstanding

	30 June 2018	30 June 2017
	(Number of shares)	
Ordinary shares at beginning of the year	7,500,000	7,500,000
Issue of ordinary shares at the rate of Rs. 10 per share	<u>5,000,000</u>	-
Ordinary shares at end of the year	<u>12,500,000</u>	<u>7,500,000</u>

12.2 The Company increased its authorized share capital from Rs. 75 million to Rs. 200 million on 12 February 2018 through a special resolution.

12.3 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.

The details of the shareholding are mentioned below.

Name of Shareholders	Note	2018		2017	
		Number of Shares	% of Holding	Number of Shares	% of Holding
Loads Limited		7,489,992	60%	7,489,992	99.99%
Hi-Tech Alloy Wheels Limited (formerly Hi-Tech Autoparts (Private) Limited)	12.3	5,000,000	40%	-	-
Directors		8	0%	8	0.00%
		<u>12,500,000</u>	<u>100%</u>	<u>7,500,000</u>	<u>100%</u>

*Vijay Kumar*

13. DEFERRED TAX LIABILITY	Note	30 June 2018	30 June 2017
<i>Taxable temporary difference arising in respect of</i>		(Rupees)	
- Property, plant and equipment	13.1	<u>8,180,981</u>	<u>8,384,663</u>
<b>13.1 Movement of deferred tax liability</b>			
Opening balance		8,384,663	8,497,155
Recognized in profit or loss		<u>(203,682)</u>	<u>(112,492)</u>
Closing balance		<u>8,180,981</u>	<u>8,384,663</u>
<b>14. TRADE AND OTHER PAYABLES</b>			
Trade payable		5,381,539	4,136,797
Accrued liabilities	14.1	6,700,567	6,415,800
Security deposit from contractors		62,500	62,500
<i>Other liabilities</i>			
Provision for workers' profit participation fund	14.2	2,972,475	1,685,595
Provision for workers' welfare fund	14.3	2,429,480	1,301,059
Payable to provident fund	14.4	2,388,764	1,745,452
Sales tax payable		600,829	-
Withholding tax payable		10,382	-
Deduction from employees		513,864	87,189
Other payables		200,084	15,461
		<u>21,260,484</u>	<u>15,449,853</u>
<b>14.1</b> This includes provision of Rs. 2.58 million (30 June 2017: Rs. 1.59 million) in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since the Company has obtained stay order against levy of GID Cess (refer note 15).			
<b>14.2 Workers' Profit Participation Fund</b>	Note	30 June 2018	30 June 2017
		(Rupees)	
Opening balance		1,685,595	2,246,528
Charge for the year	19	2,809,709	1,565,494
Interest charged during the year	21	71,356	99,224
		<u>4,566,660</u>	<u>3,911,246</u>
Payments made during the year		<u>(1,594,185)</u>	<u>(2,225,651)</u>
Closing balance		<u>2,972,475</u>	<u>1,685,595</u>
<b>14.3 Workers' Welfare Fund</b>			
Opening balance		1,301,059	1,695,755
Expense for the year	19	1,128,421	638,977
Payments made during the year		-	<u>(1,033,673)</u>
Closing balance		<u>2,429,480</u>	<u>1,301,059</u>
<b>14.4</b> This represents amount payable to provident fund. The amount has not been transferred as the management is in the process of registering the provident fund with the authorities (refer note 3.10).			

14/12/18

## 15. CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

#### 15.1.2 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
High Court of Sindh	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 (SSGCL) 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, the Company has recorded a full provision of Rs. 2.58 million (30 June 2017: Rs. 1.59 million) in the financial statements.	Company, Sui Northern, Sui Southern and Others.	3 August 2012
Federal Board of Revenue (FBR)	Tax year 2016: 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. The Company 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 financial statements.	Company and FBR	19 April 2017

### 15.2 Commitments

#### 15.2.1 Guarantees issued by bank to Sui Southern Gas Company Limited on behalf of the Company

30 June 2018	30 June 2017
(Rupees)	
<u>400,000</u>	<u>400,000</u>

KPMG



16. Revenue	Note	30 June 2018	30 June 2017
		(Rupees)	
Gross revenue	16.1	193,438,895	145,080,903
Less: Sales tax		(28,106,506)	(21,080,131)
		<u>165,332,389</u>	<u>124,000,772</u>

16.1 This represents income generated solely from toll manufacturing services provided to the parent company in accordance with an agreement entered with the parent company.

17. COST OF TOLL MANUFACTURING SERVICES	Note	30 June 2018	30 June 2017
		(Rupees)	
Ancillary materials consumed	17.1	23,436,617	18,135,973
Salaries and wages		43,694,803	36,763,187
Other employee benefits		16,043,025	17,827,667
Gas, power and water		9,727,438	10,925,581
Repairs and maintenance		5,167,926	2,979,042
Staff transportation		4,374,711	3,982,387
Depreciation	4.1	3,401,518	3,139,634
Insurance		470,454	387,487
Rent, rates and taxes		223,248	382,566
Postage, telephone and telex		498,848	291,748
Travelling and vehicle running cost		956,353	239,673
Printing, stationery and periodicals		-	100
Inward freight		8,849	8,600
Others		293,889	186,292
		<u>108,297,679</u>	<u>95,249,937</u>

#### 17.1 Ancillary materials consumed

Opening balance	9,048,480	9,210,131
Purchases during the year	22,540,866	17,974,322
Closing balance	<u>(8,152,729)</u>	<u>(9,048,480)</u>
	<u>23,436,617</u>	<u>18,135,973</u>

#### 18. ADMINISTRATIVE AND SELLING EXPENSES

Salaries and wages	2,460,708	2,256,998
Other employee benefits	790,800	1,012,703
Legal and professional charges	900,415	314,770
Auditors' remuneration	18.1	216,500
Communication	-	33,663
Repairs and maintenance	42,353	5,400
Others	18.2	325,314
	<u>4,736,090</u>	<u>3,816,335</u>

#### 18.1 Auditors' remuneration

##### Audit services

Audit fee	137,500	125,000
Certification for regulatory purposes	50,000	-
Out of pocket expenses	29,000	21,000
	<u>216,500</u>	<u>146,000</u>

18.2 This includes amount paid to tax authorities on account of monitoring of proceedings pertaining to withholding tax which resulted in a tax demand amounting to Rs. 69,467. The Company deposited the demand on 18 May 2018 and no appeal was filed by the Company.

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19. OTHER EXPENSES	Note	30 June 2018	30 June 2017
		(Rupees)	
Workers' profit participation fund	14.2	2,809,709	1,565,494
Workers' welfare fund	14.3	1,128,421	638,977
Unrealised loss on re-measurement of investments at fair value through profit or loss - at initial recognition	9	158,181	105,858
		<u>4,096,311</u>	<u>2,310,329</u>

## 20. OTHER INCOME

Interest income from loan to parent company		4,232,291	5,610,075
Interest on loan to employees		357,617	305,048
Gain on sale of investments		-	24,844
Dividend income		2,984	21,056
Profit from investment in mutual funds		-	6,064
		<u>4,592,892</u>	<u>5,967,087</u>

## 21. FINANCIAL CHARGES

Bank charges		16,091	8,820
Interest on workers' profit participation fund	14.2	71,356	99,224
		<u>87,447</u>	<u>108,044</u>

## 22. TAXATION

Current		15,342,174	8,715,237
Prior		-	(2,005,080)
Deferred	13.1	(203,682)	(112,492)
		<u>15,138,492</u>	<u>6,597,665</u>

### 22.1 Reconciliation between income tax expense and accounting profit

Profit before taxation		52,707,754	28,483,214
Tax at the applicable rate of 30% (2017: 31%)		15,812,326	8,829,796
Tax effect of prior years		-	(2,005,080)
Effect of tax credit under section 65B of the Income Tax Ordinance, 2001	22.4	(316,333)	-
Tax effect of change in tax rates		(279,489)	(84,972)
Others		(78,012)	(142,079)
		<u>15,138,492</u>	<u>6,597,665</u>

22.2 The returns of income tax have been filed up to and including tax year 2017 (corresponding to financial year ended upto 30 June 2017). These, except for those mentioned in note 15, are deemed to be assessed u/s 120 of the Income Tax Ordinance, 2001.

22.3 Income tax of the estimated assessable profit for the year is calculated at the enacted corporation tax rate of 30% (30 June 2017: 31%). Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and deemed assessed for last three years are as follows:

	2017	2016	2015	Total
	Rupees in ('000)			
Tax provision recognized in the financial statements	8,715,237	12,870,984	6,411,880	27,998,101
Tax charged as per tax returns	8,440,616	12,856,906	7,165,204	28,462,726

22.4 This represents tax credit under section 65B on account of purchase of plant and machinery.

22.5 Tax related contingencies are disclosed in note 15.

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**23. EARNINGS PER SHARE - basic and diluted**

	30 June 2018	30 June 2017
	(Rupees)	
Profit after taxation	<u>37,569,262</u>	<u>21,885,549</u>
	(Number)	
Number of ordinary shares	<u>8,445,205</u>	<u>7,500,000</u>
	(Rupees)	
Basic and diluted earnings per share	<u>4.45</u>	<u>2.92</u>

**24. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of Loads Limited (parent company) and other group 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)	
Loads Limited	Parent Company holds 60% (30 June 2017: 99.99%)	Revenue	<u>165,332,389</u>	<u>124,000,772</u>
		Loan provided during the year - net	<u>11,500,000</u>	<u>-</u>
		Markup income	<u>4,232,291</u>	<u>5,610,075</u>
		Amount due at the year end	<u>137,273,803</u>	<u>102,705,779</u>
Specialized Autoparts Industries (Private) Limited	Group Company	Payments made on behalf of the related party	<u>174,491,322</u>	<u>130,078,333</u>
		Amount due at the year end	<u>818,506</u>	<u>-</u>
Hi-Tech Alloy Wheels Limited (formerly Hi-Tech Autoparts (Private) Limited)	Associate Company holds 40% (30 June 2017: Nil)	Investment at the year end	<u>50,000,000</u>	<u>-</u>
		Investment made during the year	<u>50,000,000</u>	<u>-</u>

**Remuneration of Chief Executive and Directors**

The remuneration and perquisites of Chief Executive Officer (CEO) is borne by the parent company. No fees and perquisites is paid to any of the directors. There are eight directors including CEO on the Board of Directors of the Company.

**25. FINANCIAL RISK MANAGEMENT**

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.

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

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

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## 25.1 Credit risk

Credit risk is the risk that counter party to a financial instrument will fail to discharge its obligation or commitment that it has entered into with the Company, and cause the other party to incur financial loss without taking into account the fair value of any collateral.

### *Exposure to credit risk*

Credit risk of the Company arises principally from loans, advances, short term deposits, bank balances and loan to parent company. The maximum exposure to credit risk at reporting date is as follows:

	Note	30 June 2018	30 June 2017
		(Rupees)	
Due from parent company - net	8	138,092,309	102,705,779
Bank balances	11	7,458,666	2,510,907
Investments at fair value through profit or loss at initial recognition	9	2,559,675	1,989,319
Trade deposits and other receivables	7	2,018,838	1,808,644
Loan to employees and workers	6	1,809,579	1,283,330
		<u>151,939,067</u>	<u>110,297,979</u>

### *Credit ratings*

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	JCR-VIS	A1+	4,197,567	56.28%
National Bank of Pakistan	PACRA	A1+	3,218,688	43.15%
Sonari Bank Limited	PACRA	A1+	42,411	0.57%
			<u>7,458,666</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. The Company is not significantly exposed to concentration of credit risk. All of the Company's receivables are from distributors of automotive industries.

### *Past due and impaired assets*

None of the financial assets of the Company are past due / impaired, as all of its major receivables are from parent company as disclosed in note 8 to the financial statements.

## 25.2 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. Management closely monitors the Company's liquidity and cash flow position. In case of shortage of funds, the parent company also provides funds to meet liquidity requirements. The following are the contractual maturities of financial liabilities.

KPMG



		30 June 2018		
	Carrying amount	Contractual cash flows	Less than one month (Rupees)	One to three months Three months to one year
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>11,886,100</u>	<u>11,886,100</u>	<u>3,641,498</u>	<u>3,179,477</u> <u>5,065,125</u>
		30 June 2017		
	Carrying amount	Contractual cash flows	Less than one month (Rupees)	One to three months Three months to one year
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>12,463,199</u>	<u>12,463,199</u>	<u>6,518,450</u>	<u>4,136,797</u> <u>1,807,952</u>

### 25.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect Company's income or value of its holdings of financial instruments.

#### 25.3.1 Currency risk

Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. At present the risk arises mainly on payments to foreign consultants and contractors.

At reporting date, the Company has no foreign currency risk.

#### 25.3.2 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. Majority of the interest rate exposure arises on loan to employees.

At reporting date, details of the interest rate profile of the Company's interest bearing financial instruments were as follows:

	Note	30 June 2018 (Rupees)	30 June 2017
<b>Variable rate instruments</b>			
<i>Financial assets</i>			
Loan to parent company	8	81,450,000	69,950,000
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Loans to employees and workers		1,809,579	1,283,330
		<u>83,259,579</u>	<u>71,233,330</u>

#### Fair value sensitivity analysis for 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 or loss account and equity of the company.

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### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100 bp increase ----- (Rupees) -----	100 bp decrease ----- (Rupees) -----	100 bp increase ----- (Rupees) -----	100 bp decrease ----- (Rupees) -----
<b>As at 30 June 2018</b>				
Cash flow sensitivity - variable rate instruments	<u>8,325,958</u>	<u>(8,325,958)</u>	<u>8,325,958</u>	<u>(8,325,958)</u>
<b>As at 30 June 2017</b>				
Cash flow sensitivity - variable rate instruments	<u>7,123,333</u>	<u>(7,123,333)</u>	<u>7,123,333</u>	<u>(7,123,333)</u>

None of the financial liability is exposed to interest rate risk.

#### 25.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether carried by factors specific to an industry investments, its issuer or factors affecting all investments traded in markets. The company has no financial instrument exposed to other price risk at the reporting date.

#### 25.4 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.

### 26. 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.

The Company is a subsidiary of the Loads Limited (parent company) therefore, the Company has support from its parent concern to assist it in capturing market share and maintaining its sustainability.

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## 27. 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 data (i.e., unobservable inputs).

### 27.1 Accounting classifications and fair values

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

30 June 2018		Carrying amount				Fair value				
	Note	Financial assets 'at fair value through profit or loss'	Loans and receivables	Investment in Associates	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<hr/>										
(Rupees)										
<hr/>										
<b>Financial assets - measured at fair value</b>										
Investments - at fair value through profit or loss - at initial recognition		2,559,675	-	-	-	2,559,675	2,559,675	-	-	2,559,675
<hr/>										
<b>Financial assets - not measured at fair value</b>										
Investment in Associates	28.1.1	-	-	50,000,000	-	50,000,000	-	-	-	-
Loans to employees and workers	28.1.1	-	1,809,579	-	-	1,809,579	-	-	-	-
Trade deposits and other receivables	28.1.1	-	2,018,838	-	-	2,018,838	-	-	-	-
Due from related party	28.1.1	-	138,092,309	-	-	138,092,309	-	-	-	-
Cash and bank balances	28.1.1	-	7,887,256	-	-	7,887,256	-	-	-	-
		2,559,675	149,807,982	50,000,000	-	202,367,657	-	-	-	-
<hr/>										
<b>Financial liabilities - not measured at fair value</b>										
Trade and other payables	28.1.1	-	-	11,886,100	-	11,886,100	-	-	-	-
<hr/>										
<hr/>										
30 June 2017		Carrying amount				Fair value				
	Note	Financial assets 'at fair value through profit or loss'	Loans and receivables	Investment in Associates	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
<hr/>										
(Rupees)										
<hr/>										
<b>Financial assets - measured at fair value</b>										
Investments - at fair value through profit or loss - at initial recognition		1,989,319	-	-	-	1,989,319	1,989,319	-	-	1,989,319
<hr/>										
<b>Financial assets - not measured at fair value</b>										
Investment in Associates		-	-	-	-	-	-	-	-	-
Loans to employees and workers	28.1.1	-	1,283,330	-	-	1,283,330	-	-	-	-
Trade and other deposits	28.1.1	-	1,808,644	-	-	1,808,644	-	-	-	-
Due from parent company	28.1.1	-	102,705,779	-	-	102,705,779	-	-	-	-
Cash and bank balances	28.1.1	-	2,879,282	-	-	2,879,282	-	-	-	-
		1,989,319	108,677,036	-	-	110,666,354	-	-	-	-
<hr/>										
<b>Financial liabilities - not measured at fair value</b>										
Trade and other payables	28.1.1	-	-	12,463,199	-	12,463,199	-	-	-	-
<hr/>										

28.1.1 The Company has not disclosed the fair values for these financial assets and liabilities, as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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

	2018				2017			
	Chief	Directors	Executives	Total	Chief	Directors	Executives	Total
(Rupees)								
Managerial remuneration	-	-	-	-	-	-	-	-
House rent and utilities	-	-	-	-	-	-	-	-
Bonus	-	-	-	-	-	-	-	-
Medical	-	-	-	-	-	-	-	-
Contribution to retirement benefit funds	-	-	-	-	-	-	-	-
Number of persons	1	7	-	8	1	7	-	8

### Remuneration of Chief Executive and Directors

The remuneration and perquisites of Chief Executive Officer (CEO) is borne by the parent company. No fees and perquisites is paid to any of the directors. There are eight directors including CEO on the Board of Directors of the Company.

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## 29. 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.

## 30. STAFF STRENGTH

	30 June 2018 (Numbers) Contractual	30 June 2017
Total employees of the Company at the year end.	<u>245</u>	<u>221</u>
Average employees of the Company during the year	<u>233</u>	<u>224</u>
Employees working in the Company's factory at the year end	<u>217</u>	<u>190</u>
Average employees working in Company's factory during the year	<u>204</u>	<u>185</u>

There are no permanent employees in the Company. Services of the employees of the parent company are obtained for administrative purposes.

## 31. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors' meeting held on \_\_\_\_\_.

*K. M. M. M.*



Chief Executive



Director