



KPMG Taseer Hadi & Co.
Chartered Accountants

Hi-Tech Alloy Wheels Limited

Financial Statements

For the year ended
ended 30 June 2018



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITORS' REPORT

To the members of Hi-Tech Alloy Wheels Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Hi-Tech Alloy Wheels Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a



KPMG Taseer Hadi & Co.

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Property, plant and equipment</p> <p>Refer notes 3.1 and 4 to the financial statements.</p> <p>The net book value of the Company's property, plant and equipment as at 30 June 2018 was Rs. 1,072.4 million.</p> <p>The Company continues to invest in significant capital projects including the assembling of imported plants for manufacturing and painting of Alloy Wheels. The Company also acquired land in the current year.</p> <p>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 standard specifically in relation to assets constructed by the Company.</p>	<p>Our audit procedures to assess the recognition of property, plant and equipment included the following:</p> <ul style="list-style-type: none">assessed the Company'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 Company's capital programme during the year;assessed the nature of costs incurred in capital projects through testing of amounts recorded and the related third party invoices and contracts, and considering whether the expenditure met the criteria for capitalization under relevant accounting standards;considered the allocation of costs between capital and operating expenditure;examined the title documents, including title deed, to assess whether the title document is in the name of the Company; and

Handwritten signature



KPMG Taseer Hadi & Co.

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none">assessed whether capitalization of construction costs should cease when the asset is in such condition operationally ready in the manner as intended by the Company.

Information Other than the 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 financial statements and our auditors report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

M. Taseer

