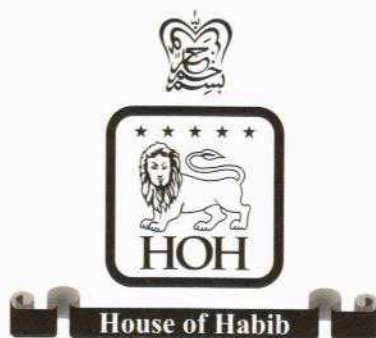


Agriauto Industries Limited

2015
annual report



The Company

Agriauto Industries Limited is a public limited company incorporated in 1981 and quoted on the stock exchange.

The company is one of the leading automotive components manufacturers in the private sector and the first company in Pakistan to acquire ts16946 certification.

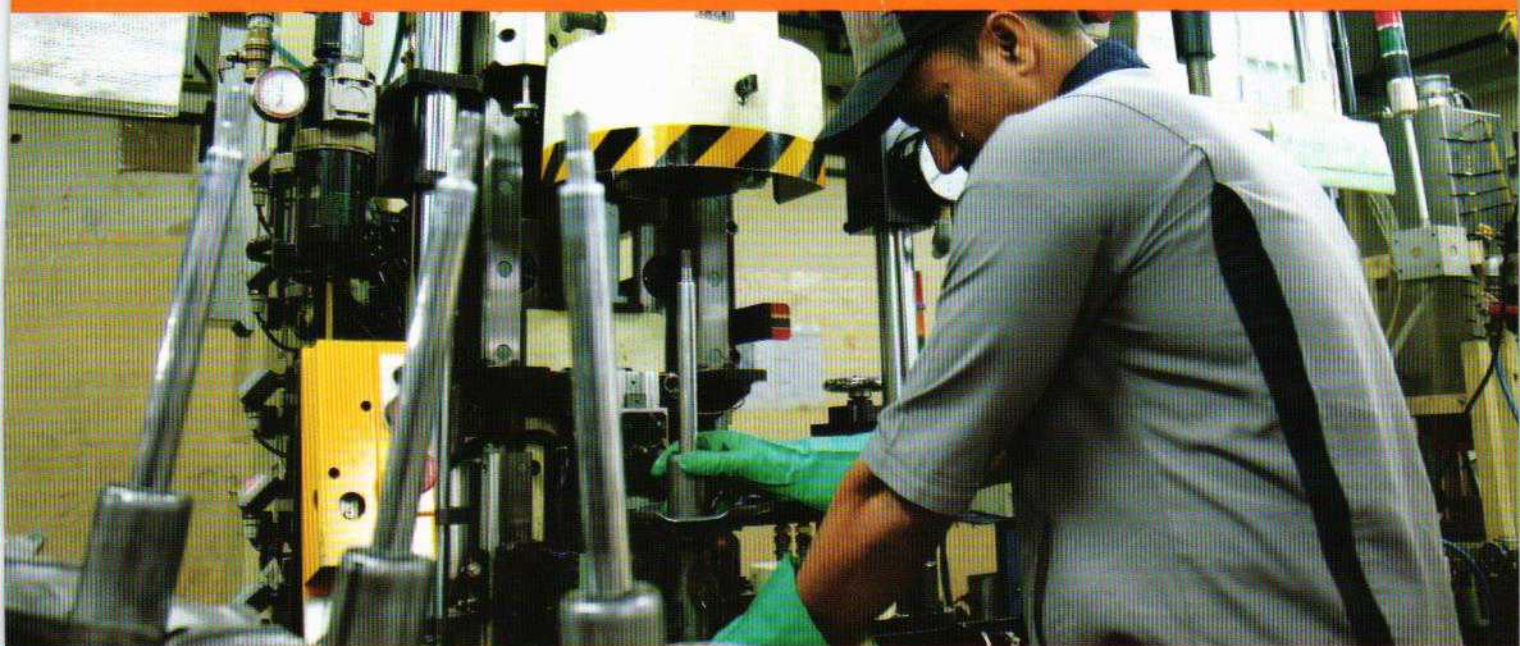
Technical Collaborations with leading international companies have added to the company's technical versatility. The product range covers both original equipment manufacturers (OEM) and after market.

Balancing Aspirations





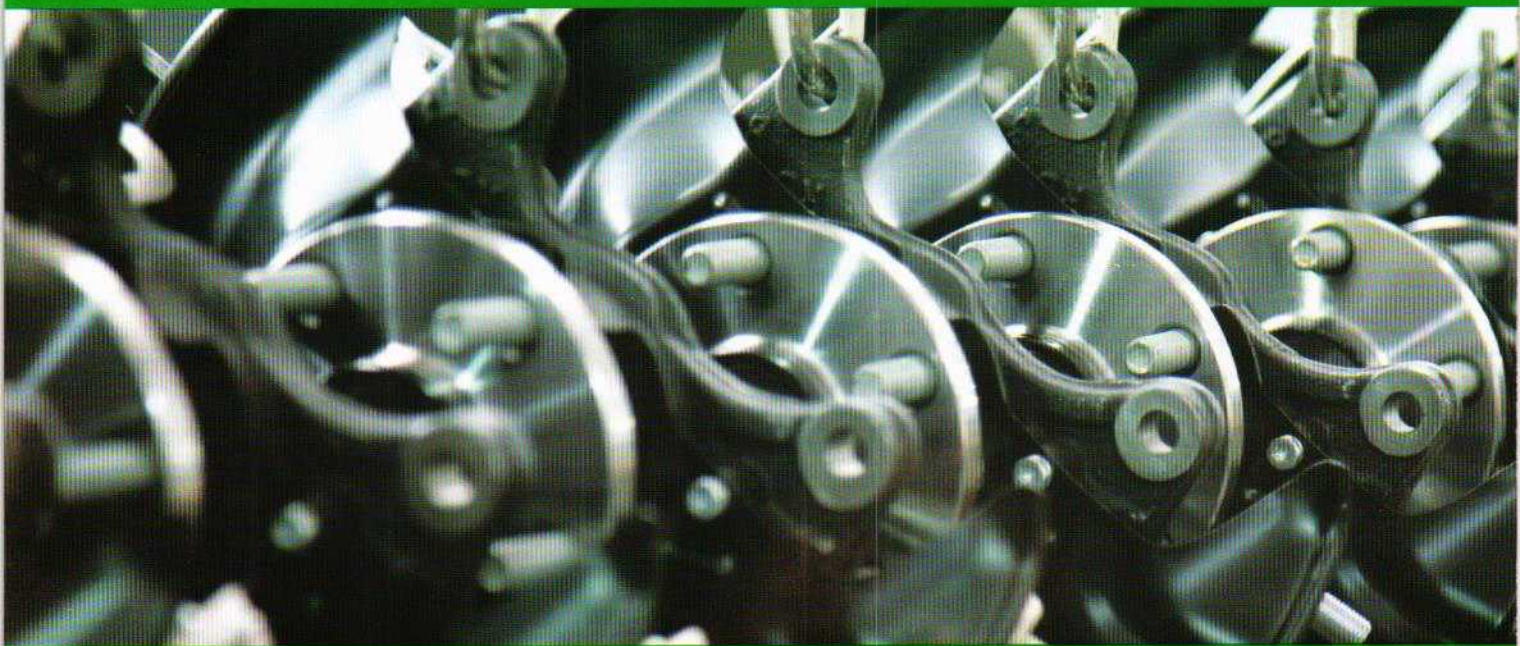




Contents

06	Vision
08	Company Information
09	Our Products
11	Notice of the Meeting
13	Six years' at a glance
14	Financial Highlights
15	Board of Directors
17	Directors' Report
25	Statement of Compliance with the Code of Corporate Governance
27	Review Report
28	Auditors' Report
29	Financial Statements
76	Pattern of Share holding
	Form of Proxy

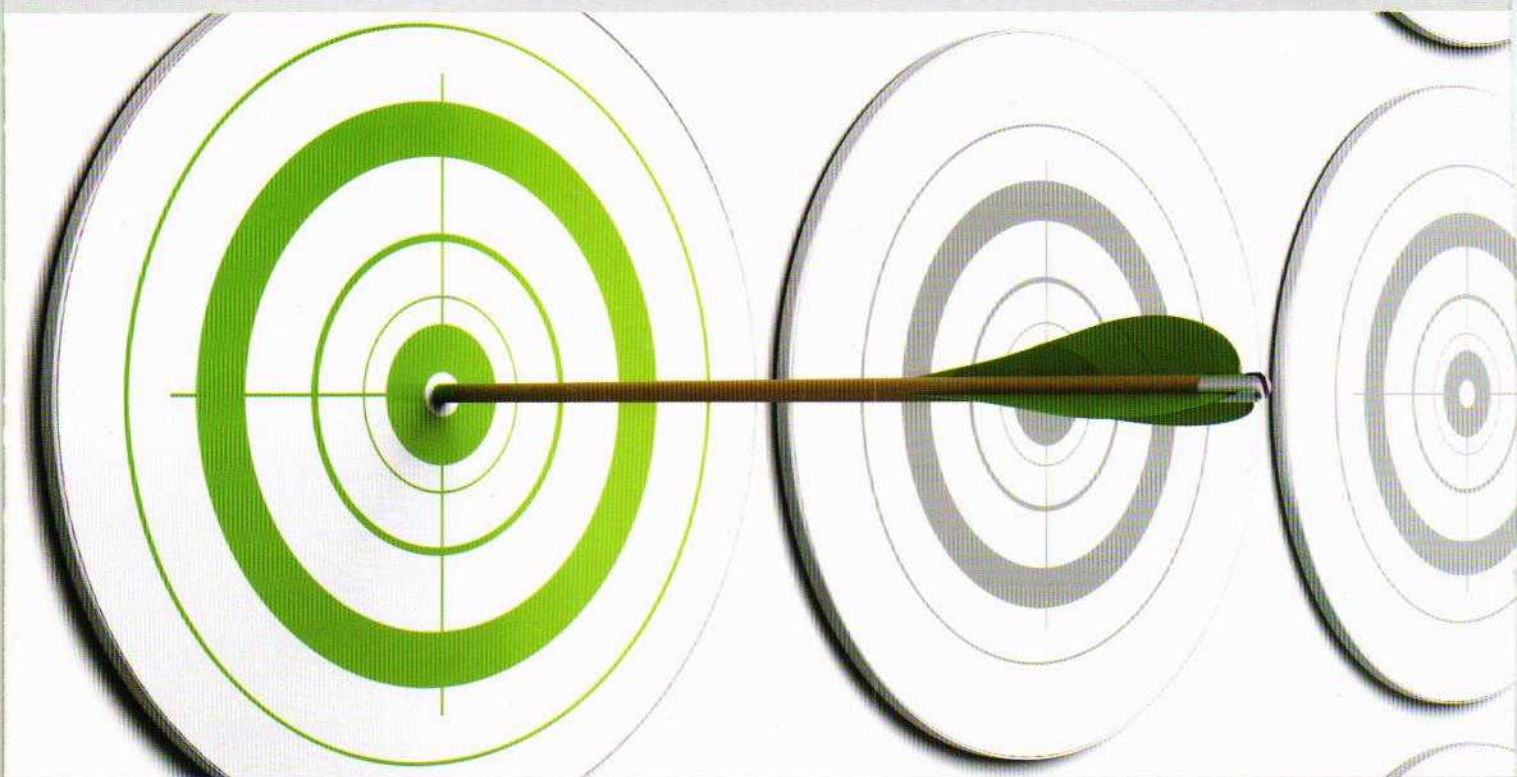
Protecting Future



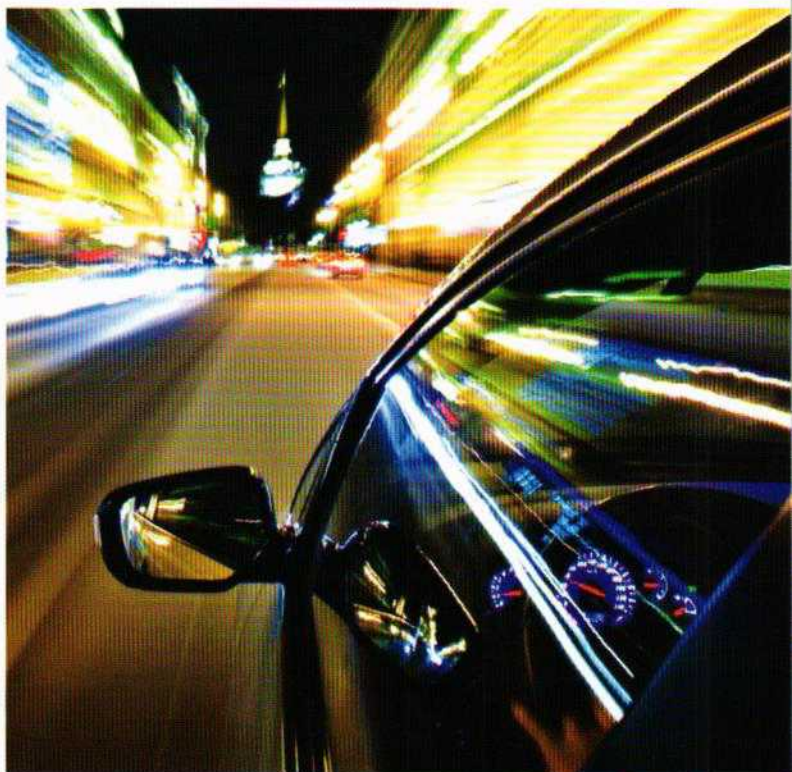
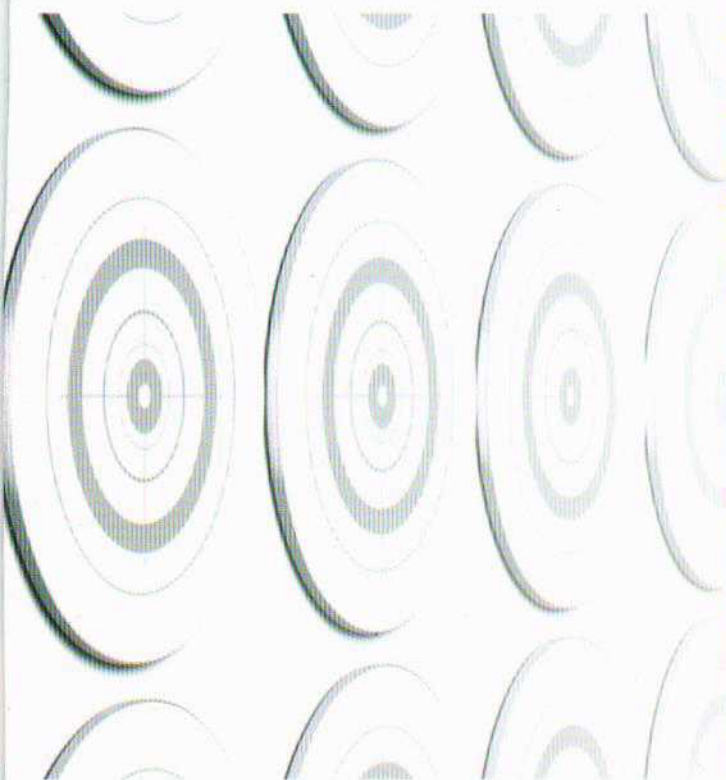


Vision

A world class manufacturer and supplier of high entry barrier automotive components providing competitive returns to all stakeholders.



Maximizing Performance Improvements



Company Information

Board Of Directors

Yutaka Arae
Fahim Kapadia
Sohail P. Ahmed
Owaisul Mustafa
Asif Rizvi
Abbas ul Husaini
Muhammad Ali Jameel

Chairman
Chief Executive
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director

Audit Committee

Owaisul Mustafa
Sohail P. Ahmed
Asif Rizvi
Muhammad Ali Jameel

Chairman
Member
Member
Member (Independent)

Human Resource & Remuneration Committee

Sohail P. Ahmed
Yutaka Arae
Fahim Kapadia
Asif Rizvi

Chairman
Member
Member
Member

Chief Financial Officer & Company Secretary

Aqeel Loon

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Share Registrar

Noble Computer Services (Pvt.) Ltd.
1st Floor, House of Habib (Siddiqsons Tower),
3-Jinnah Co-operative Housing Society,
Main Shahrah-e-Faisal, Karachi.
Tel: 34325482-87

Registered Office

5th Floor, House of Habib,
3-Jinnah Co-operative Housing Society,
Main Shahrah-e-Faisal, Karachi.
Website: www.agriauto.com.pk
Email: info@agriauto.com.pk

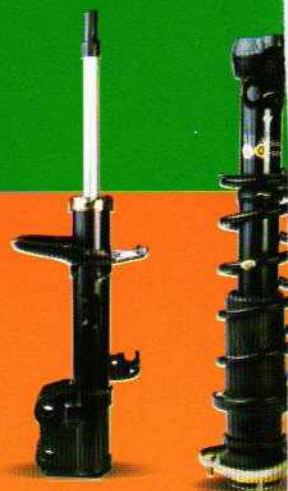
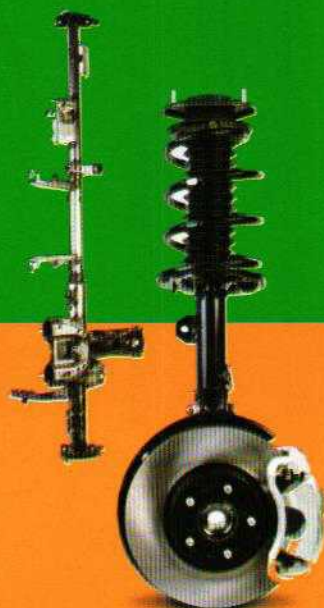
Factory

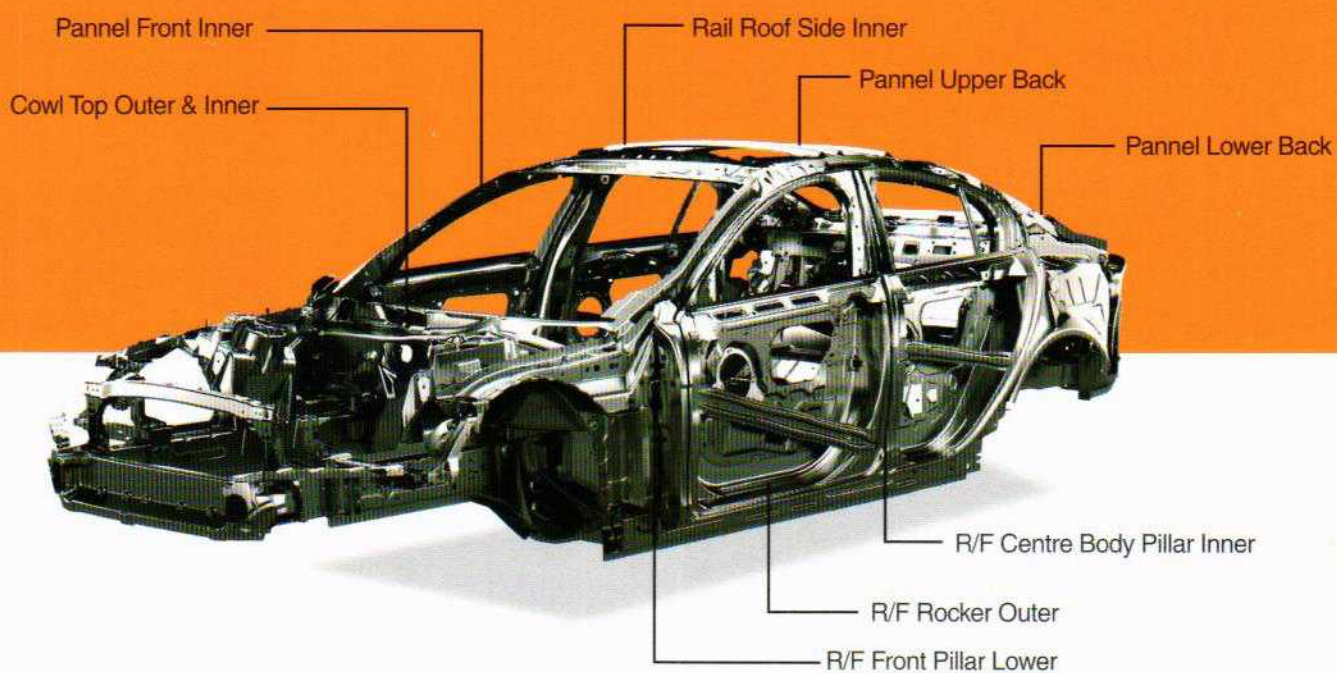
Agriauto Industries Limited
Mouza Baroot, Hub Chowki,
Distt. Lasbella, Balochistan.

Agriauto Stamping Company (Pvt.) Ltd

DSU-128, Down Stream Industrial Estate,
Pakistan Steel, Bin Qasim, Karachi.

Our Products





Agriauto Industries Limited

Notice of the Meeting

NOTICE is hereby given that the Thirty-Fourth Annual General Meeting of the Members of the Company will be held on Monday, October 5, 2015 at 12:30 PM at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Clifton, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Accounts for the year ended June 30, 2015 together with the Reports of the Directors' and Auditors' thereon.
2. To approve the payment of cash dividend of 150% i.e. Rs 7.50 per share as recommended by the Board of Directors for the year ended June 30, 2015.
3. To appoint Auditors for the year 2015-16 and to fix their remuneration. The present auditors – Messrs Ernst & Young Ford Rhodes Sidat Hyder (Chartered Accountants) being eligible offer themselves for re-appointment.

Karachi, August 22, 2015

By Order of the Board,
AQEEL LOON
Company Secretary

NOTES :

- (i) The Share Transfer Books of the Company will remain closed from Tuesday, September 29, 2015 to Monday, October 05, 2015 (both days inclusive) and the dividend will be paid to the Members whose names will appear in the Register of Members on September 28, 2015. 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. Noble Computer Services (Pvt) Ltd., 1st Floor, House of Habib, 3 Jinnah C.H. Society, Shahrah-e-Faisal Karachi. 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 the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holders or sub-account holders and / or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall authenticate identity by showing his / her original national identity card (CNIC), or original passport at the time of attending the meeting.
- ii. In case of corporate entities, 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.

B. For Appointing Proxies

- In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the CDC Regulations shall submit the proxy form as per the abovementioned requirements.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- 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.

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. Noble Computer Services (Pvt.) 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 in terms of Section 251(2)(a) of the Companies Ordinance 1984, 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.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- For filers of income tax returns: 12.5%
- For non-filers of income tax returns: 17.5%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each shareholder accordingly.

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder (s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

Payment of Cash Dividend Electronically (Optional)

The SECP has initiated e-dividend mechanism through its Notification 8(4) SM/CDC/2008 dated April 05, 2013. In order to avail benefits of e-dividend shareholders are hereby advised to provide details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address to Company's Share Registrar M/s. Noble Computer Services (Private) Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

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 8 September 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Annual Report") alongwith the notice of annual general meeting ("Notice"), to its shareholders by email. 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, Noble Computer Services (Private) Limited.

Delivering Long-term profitability



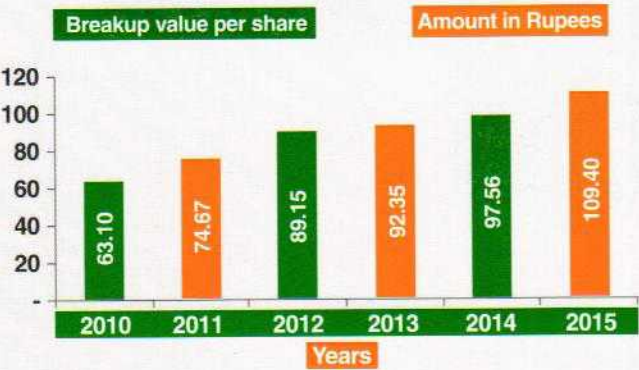
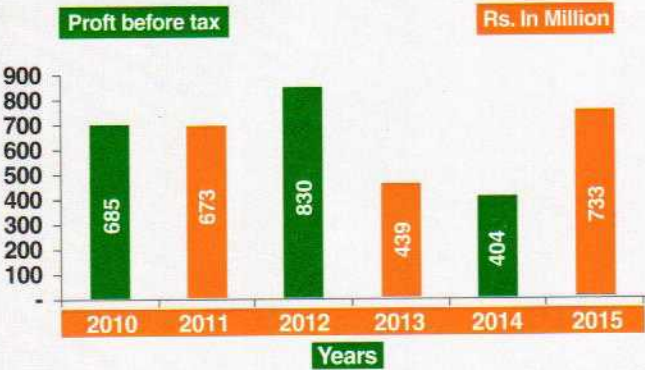
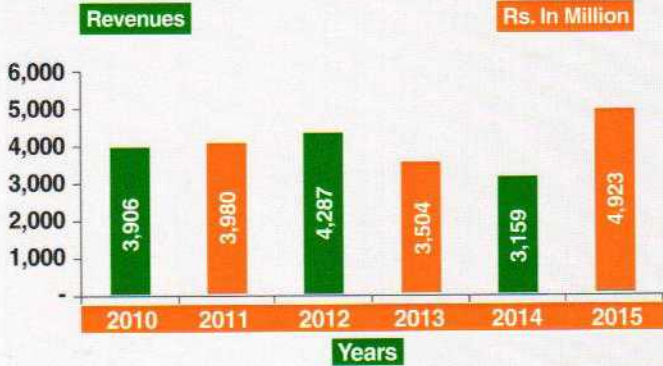
Six years at a Glance

Rs. '000'

	2015	2014	2013	2012	2011	2010
Operating Results						
Net Sales	4,923,276	3,158,800	3,503,624	4,286,674	3,980,258	3,906,482
Gross Profit	988,652	510,937	574,603	925,703	809,331	956,234
Profit Before Tax	733,399	403,565	439,134	830,446	672,581	685,273
Profit After Tax	485,061	308,238	309,420	585,064	438,960	394,242
Earnings per share (Rs.)	16.84	10.70	10.74	20.31	15.24	13.69
Cash Dividend	150%	100%	110%	150%	100%	90%

Financial Position						
Current Ratio	5.58: 1	6.48: 1	6.02: 1	8.00: 1	7.42: 1	5.95: 1
Paid up share capital	144,000	144,000	144,000	144,000	144,000	144,000
Res. & unappropriated profit	3,006,678	2,665,617	2,515,820	2,423,584	2,006,583	1,673,326
Shareholders' equity	3,150,678	2,809,617	2,659,820	2,567,584	2,150,583	1,817,326
Breakup value per share (Rs.)	109.40	97.56	92.35	89.15	74.67	63.10
Return on Equity	15.40%	10.97%	11.63%	22.79%	20.41%	21.69%

Financial Highlights



Board of Directors



Yutaka Area
Chairman



Fahim Kapadia
Chief Executive



Sohail P. Ahmed
Non - Executive Director



Owaisul Mustafa
Non - Executive Director



Asif Rizvi
Non - Executive Director



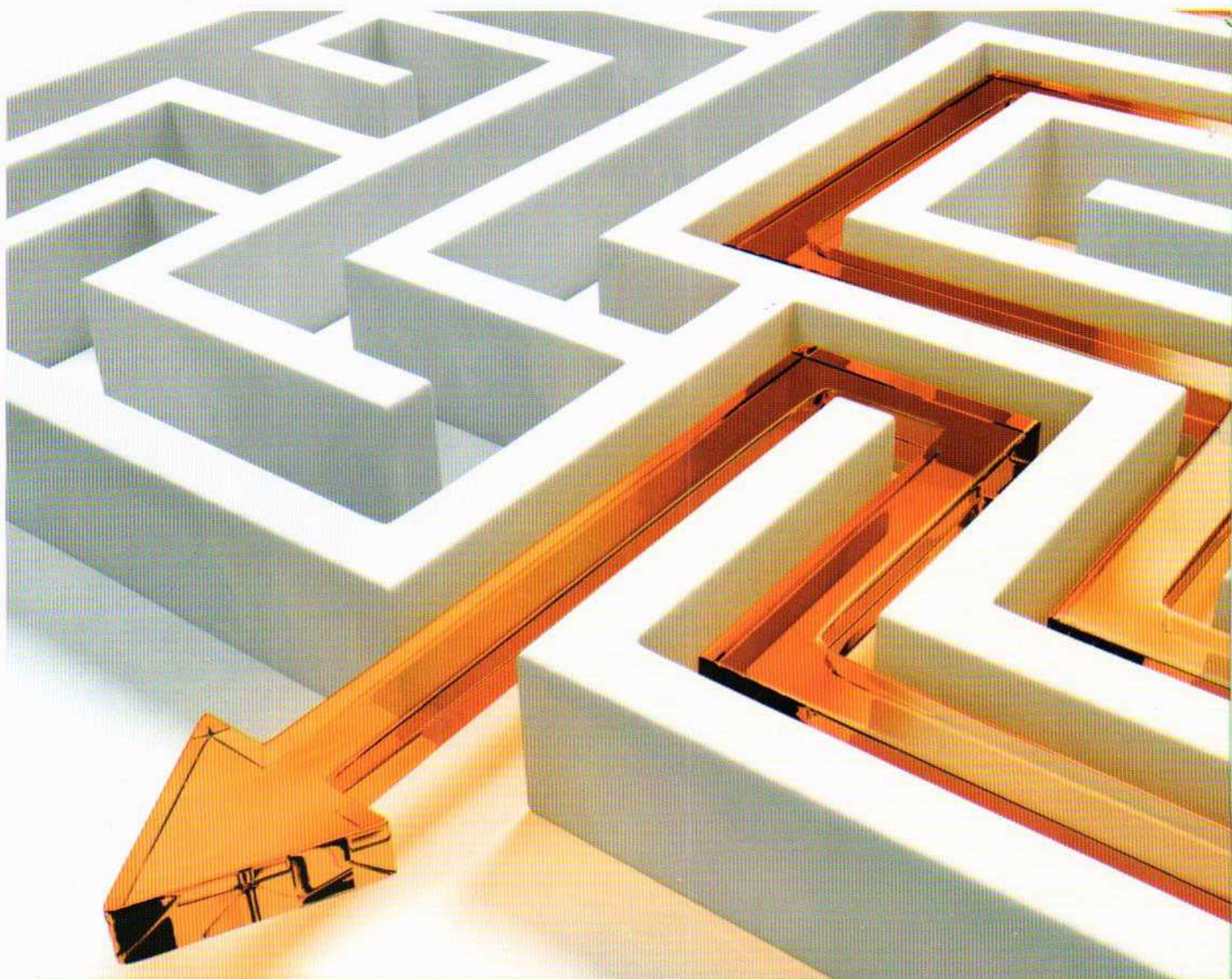
**Muhammad
Ali Jameel**
Independent Director



Abbas ul Husaini
Non - Executive Director

Directors' Report to the Shareholders

FOR THE YEAR ENDED JUNE 30, 2015



Dear Shareholders,

The Directors of your Company have the pleasure of presenting the Annual Report based on the results of its operations along with the audited accounts for the year ended June 30, 2015.

The Board of Directors is pleased to recommend a cash dividend of 150% i.e. Rs. 7.50 per share. The Board has also recommended appropriation of Rs. 170 million from un-appropriated profits to General Reserve.

PAKISTAN'S ECONOMY

Economy is improving quantitatively and qualitatively as GDP growth achieved 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the same period last year. The most encouraging sign is that all sectors namely agriculture, industry and services have supported economic growth. It is the highest achievement since 2008-09.

Major success of the outgoing fiscal year includes: economic growth, inflation contained at lowest level since 2003, improvement in tax collection, reduction in fiscal deficit, worker remittances touches new heights, successful launching of Sukook Bonds, foreign exchange reserves significantly enhanced, the rupee depreciation remained well under control.

China and Pakistan have signed agreements to establish Economic Corridor between the two countries. The corridor will serve as a driver for connectivity. By the completion of

this project, trade in the world is expected to increase and Pakistan will take benefits through multiple dimensions.

AUTOMOTIVE SECTOR

There was a healthy growth in the Auto Industry last year as all segments viz. passenger cars, light commercial vehicles, trucks & buses and tractors recorded substantial growth. However, the motorcycle segment had minimal growth.

Summarized automobile production figures comparing 2015 with 2014 appears below:

	2015	2014	Change
Passenger Cars	152,524	116,281	31%
Light Commercial Vehicles	29,298	18,694	57%
Trucks & Buses	4,614	3,232	43%
Tractors	48,883	34,521	42%
Motorcycles	1,763,818	1,728,137	2%

Source: PAMA & PBS

The following is the overview of the auto industry :

Passenger Car Segment

This segment grew by 31% over last year, mainly on account of overwhelming response of a new launch by a major car assembler.

Light Commercial Vehicles

This segment got the boost from the announcement of Punjab Apna Rozgar Scheme wherein the Government of Punjab signed an agreement to purchase 50,000 van & pickups. During the year more than 20,000 vehicles have been supplied and the balance will be supplied in the next year.

Tractor Segment

This segment was under pressure due to the increase in the Sales Tax from 10% to 16% from January 2014. The Government realized the negative impact of the Sales Tax on this segment and reverted back to a 10% Sales Tax on tractors in the last year budget which substantially increased the bookings. The growth in the segment would have been much higher if timely payments were made to farmers by the Government.

1. SUMMARY OF FINANCIAL RESULTS

Following are the summarized financial results of the Company for the year 2015:

(Rs. '000)

	2015	2014
Turnover	4,923,276	3,158,800
Gross Profit	988,652	510,937
Profit before Taxation	733,399	403,565
Taxation	(248,338)	(95,327)
Profit after Taxation	485,061	308,238
Earnings Per Share (Rs.)	16.84	10.70

Sales for the year 2015 are higher by 56% compared to last year. This increase is the result of the increased volumes in all the segments of the auto industry. We were able to supply all the requisite supplies to our customers despite electricity breakdowns and law & order situation. This sales was also possible as a result of regular up-gradation and maintenance of the plant & machinery as we have lot of confidence in the growth of this industry.

As a result of the increased sales the profit after tax has also increased from Rs. 308 million to Rs. 485 million i.e. a growth of 57%. There was some cost hikes in the advertisement & sales promotion costs to promote our products in the after-market which is flooded with smuggled and under-invoiced products. Our focus will remain on the after-market as we believe that this segment has lot of potential with steady sales if these un-ethical practices are controlled/checked.

We would like to apprise the members that the 5% Regulatory Duty which was imposed in Jan 2014 on the import of Cold Rolled Steel & thereafter 12.5% - 15% regulatory duty on Hot Rolled Steel from March 2014. Despite of our several representations to the Ministries/Federal Board of Revenue the same has not been reversed. We were given assurances that the same will be reversed in the Federal Budget but no change was proposed. We pleaded to the Government that the steel material being imported by the automotive parts manufacturers is not locally produced and the same is certified by the Engineering Development Board. This duty is impacting the profitability of the Company as the impact of duty is not fully recoverable from the customers.

2. NEW PRODUCTS

During the year the manual type window regulator in technical assistance with Shiroki, Japan was successfully developed and supplied. We are now in the process of discussing with the technical partner to extend the agreement by adding the power type window regulators

which will further increase the sales of this product.

The Company in order to strengthen itself in the manufacturing of motorcycle shock absorbers and its components is in negotiation with M/s. KYB Motorcycle Suspension Corporation, Japan for a Technical Assistance Agreement (TAA). Upon signing of the TAA, the technical partner will facilitate the localization of components of motorcycle shock absorbers which are currently being imported.

3. PROCESS IMPROVEMENT ACTIVITIES

Being an equal opportunity employer and in order to change the culture & enhance the productivity, the Company initiated to induct lady workforce in the Company. The induction of lady work force has contributed positively in productivity and quality. Currently more than 50 lady members are working in assembly and production areas.

The Company carries out regular training in assistance with a Japanese consultant on Total Productive Maintenance activities. The consultant is mainly involved in suggesting ways for the effective maintenance and improvement in production efficiency of the machines. By virtue of these practical training the human resource is also being developed.

The Company has also signed agreement with M/s. Sannou Riken, Japan for improving the quality of the hard chrome plating. The representatives of the Company regularly visits and are involved in monitoring the improvement based on their suggestions.

In order to comply with growing requirements of the company plant & machinery we have invested in new MIG welding machine, shocks testing machine, oil & gas filling machines and equipment related to new motorcycle assembler. Additional storage area was also built in anticipation of enhanced volumes.





4. AGRIAUTO STAMPING COMPANY (PRIVATE) LIMITED (ASC)

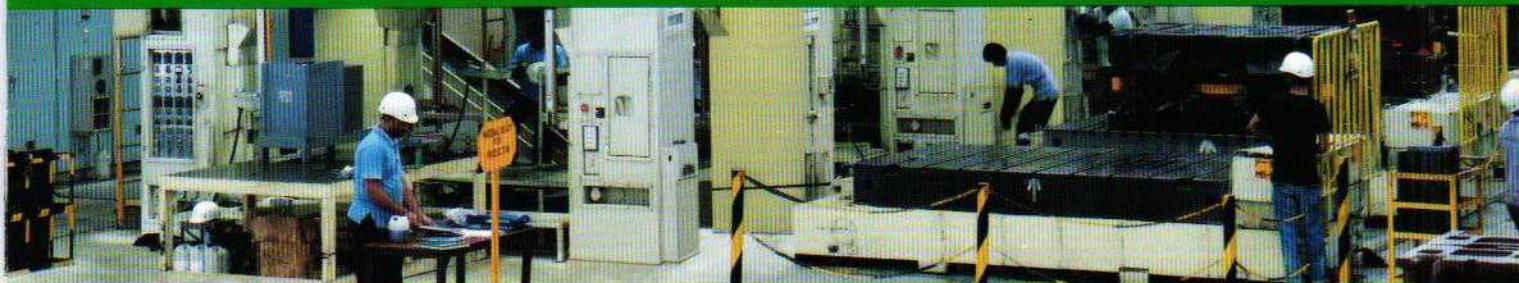
The wholly owned subsidiary which was established in the year 2012 successfully started commercial production from July 2014 as planned. The plant also started the supply of the 2nd phase which mainly consists of high tensile steel material also started from March 2015.

The plant is now running at its capacity due to the increased orders from the customers. The Company also got the award from its customer for timely development of all the parts. The company has achieved a "zero" rejection during the its first year of commercial production. We are very hopeful that with assistance from our technical partner, M/s. Ogihara Thailand, this company will become the benchmark in the auto vendor industry in Pakistan.

The subsidiary Company contributed Rs. 708 million (net of sales to parent company) in sales and Rs. 60.6 million in profit after tax.

We are getting inquiries from auto assemblers for the development of parts which are difficult to develop and have not been localized yet. In order to cater the future needs we have initiated the process of procuring an additional 650 ton press from Japan. This press will be in addition to the 4 presses currently in operation, ranging from 800 ton to 500 ton.

In order to cater for the needs for future expansion, the company issued shares amounting to Rs. 115.7 million which was fully subscribed by the parent company in July 2015. The parent company has now invested Rs. 1.144 billion till to-date in the subsidiary company.





Safety, Health and Environment (SHE)

Throughout the year, our SHE Department has continued its mission to prevent injury and ill health at work place. We have focused our efforts in inculcating and motivating behavioral change and improving health and safety standards.

- Our proactive inspections are targeted in areas of highest risks and the countermeasures have been taken based on hazards identification activity in each plants.
- No major accident was reported during the year.
- Ensured provision and monitoring of safe drinking water for the Company employees and monthly check from the Laboratory.
- We are focusing on prevention of all types of emissions.

Corporate Social Responsibility

The Company remains committed to the ten guiding principles of United Nation Global Compact (UNGC). Our primary focus is to enhance the local educational and medical facilities, and general welfare of the community, particularly the downtrodden and the under privileged. The company contributes 1% of PBT toward CSR initiatives.



- a. Support to Educational Institutes
 - Supported local Govt. School in the form of Educational Fees, Premises Maintenance, Uniform, Water Coolers and Computers.
- b. Support to Medical Institutes
 - Contributed to nearby Hospital to increase the level of health services / training of the hospital staff through specialized personnel.
 - Donated Medicines to Rotary club of Hub to organize free Medical camp for poor and needy people at Hub.
- c. Provision of Rations
 - To cater for the needs of community at Hub, the company distributed Ration Hampers to the widows/poor families at Hub during the month of Ramadan.



7. INDUSTRIAL HARMONY

The Company has maintained Industrial Harmony, concurrently complying with all its legal obligations. Important decisions on company's operations are disseminated to employees keeping them informed and making them feel as part of the team. Our focus remains on Social Operating Mechanism and motivation of workers through effective Reward & Recognition policy.

- a. Distribution of Rations
 - The Company distributed Ration Hampers to all the workers as a Ramadan Gift.
- a. Establishment of Nursing Room
 - Hired a qualified lady nurse for nursing room/medical facilities.
- b. Medical Camp
 - Free Eye & Medical camp was organized at factory premises and treated 268 employees. Eye Glasses given to 198 workers free of cost.
- c. Medical Check-Up
 - Medical Check-Up of Hazardous job performers.
- d. Picnics and sports competition at the plant are regular features.

8. CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, your Company contributed Rs. 1.194 billion to the National Exchequer.

9. HUMAN RESOURCE

HR remains committed to the professional development and training of the employees with emphasis on inculcating company values in employees and providing them an environment of team work and mutual respect. Following are the salients of HR initiatives:

a. Training & Development

A variety of Training and Development opportunities were offered to various tiers of Management both in-house and abroad:-

Foreign Training:

- In order to ensure that our Human Resources are in line with the latest development techniques, and current with the internationally followed best Management practices, the Company sent Executives on various trainings to AOTS/HIDA, Japan, Safety and technical Training at Ogihara, Thailand, and Senior



Management Program at National University, Singapore. Total Foreign Training carried out was over 1400 hrs.

- Value Sessions:
Regular value sessions are carried out during Orientation of new comers.

b. Award & Recognition

- Karachi Stock Exchange awarded the Company as one of the top 25 companies for the year 2012.
- Participated in UNGC's Communication on Progress Report & Achieved "Certificate of Participation".
- Appreciation Certificate has been awarded by UNGC Pakistan to AIL for participating in Living the UN Global Compact Principles Best Practices Award.
- Participated in EFP OSHE Award & won the "3rd Prize" in category "Processing & Allied Sector".

10. FUTURE OUTLOOK

The future outlook of the Company and the Industry is positive. The growth in the passenger car segment due to the successful launch of the new model will continue. The remaining supplies under the Punjab Apna Rozgar Scheme will give boost to the sale of Van/pickup parts.

The Governments of Punjab and Sindh announced in their respective budgets subsidized tractor schemes of 25,000 and 29,000 tractors respectively. These schemes are expected to have a positive impact on the sale of tractor parts.

The addition of a new player in the motorcycle will stimulate the two wheeler segment and we are positive that with this addition of new entrant, the overall two wheeler market will also grow.

Auto Development Policy 2015-20 which was supposed to be announced along-with the Federal Budget is still awaited. We are very hopeful that the Government will ensure the progress of the local industry while formulating the policy for the next 5 years.

11. PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2015 is annexed.

12. CORPORATE AND FINANCIAL REPORTING

In compliance with the listing regulation # 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange, the Directors of the Company do hereby declare the following:

- The financial statements prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and

prudent judgement.

- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The value of investments made by the Provident Fund for the year ended June 30, 2015 amounted to Rs. 166 million.

13. NUMBER OF BOARD MEETINGS

During the year, five Board meeting were held and attendance is given hereunder:

SL #	Names	No of meetings Attended/held
1	Mr. Yutaka Arae	5/5
2	Mr. Fahim Kapadia	5/5
3	Mr. Sohail P. Ahmed	4/5
4	Mr. Owaisul Mustafa	5/5
5	Mr. Asif Rizvi	5/5
6	Mr. Muhammad Ali Jameel	4/5
7	Mr. Zafar Iqbal Sobani *	4/4
8	Mr. Abbas ul Husaini	0/1

- * During the year Mr. Zafar Iqbal Sobani resigned from the Board and upon his resignation Mr. Abbas ul Husaini was appointed to fill the casual vacancy. The Board acknowledges the valuable contribution made by Mr. Sobani during his association with the Company and welcomes Mr. Husaini on to the Board.

14. AUDITORS

The existing Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co (Chartered Accountants) retired and have offered themselves for re-appointment. The reappointment has also been recommended by the Audit Committee of the Board.

15. STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement of compliance to the Code of Corporate Governance is annexed herewith.

16. ACKNOWLEDGMENT

We are pleased to acknowledge that the relations with employees remained cordial and harmonious throughout the year. The Management recognizes and records its sincere appreciation to all employees for their continued

dedication, commitment and hard work for the growth and prosperity of the company, without which this performance would not have been possible. Once again we expect the same zeal and commitment to continue and prevail.

On behalf of the Board of Directors, we would like to place on record our appreciation to all our Patrons, Dealers, Suppliers and Employees for their valuable help, steady support and contribution to the Company. We are also thankful to all our overseas technical collaborators, M/s Gabriel Ride Control Products (GRC), Inc. USA, M/s KYB Corporation, Japan, M/s Aisin Seiki Co. Ltd, Japan, M/s. Shiroki Corporation, Japan, M/s. Sannou Riken Co Ltd, Japan and M/s. Ogihara (Thailand) Co. Ltd for their technical assistance and advice.

On behalf of the Board of Directors.



Fahim Kapadia
Chief Executive

Karachi.
Dated : August 22, 2015

Agriauto Industries Limited
For the year ended June 30, 2015

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. Agriauto Industries Limited (the Company) has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At present, the Board comprises of seven directors which includes six non-executive directors including one independent director.
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange
4. Casual vacancies occurring in the Board were filled up by the director as follows:

S#	Name of Director	Date of Resignation	Date of Appointment
1.	Mr. Zafar Iqbal Sobani	March 18, 2015	-
2.	Mr. Abbas ul Hussaini	-	April 30, 2015

5. 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.
6. 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.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Three directors of the Company are certified directors from Pakistan Institute of Corporate Governance and three director are exempted from the requirement by virtue of their experience as prescribed by SECP in clause (xi) of CCG.
10. No new appointment of CFO/Company Secretary has been made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has an Audit Committee. It comprises four members, of whom three are non-executive directors and one is independent director, the chairman of the committee is a non-executive director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has an HR and Remuneration Committee. It comprises of four members, of whom three are non-executive. The Chairman of the committee is a non-executive director.
18. The board has outsourced the internal audit function to Noble Computer Services (Private) Limited who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with

On behalf of the Board



Chairman



Chief Executive

Karachi.

Dated: August 22, 2015

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Agriauto Industries Limited (the Company) for the year ended **30 June 2015** to comply with the requirements of Listing Regulations No. 35 Chapter XI of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 controls 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code, as applicable to the Company for the year ended **30 June 2015**.


Chartered Accountants
Date: 22 August 2015
Place: Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Agriauto Industries Limited (the Company)** as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account, together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2015, and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion 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.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 22 August 2015
Place: Karachi

Balance Sheet

As at 30 June 2015

	Note	2015	2014
(Rs. in 000')			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	616,118	573,393
Long term investment	7	1,028,320	1,028,320
Long term deposits		6,234	6,234
		<u>1,650,672</u>	<u>1,607,947</u>
CURRENT ASSETS			
Stores, spares and loose tools	8	51,312	55,336
Stock-in-trade	9	699,597	442,487
Trade debts	10	511,947	246,250
Advances, deposits, prepayments and other receivables	11	8,237	67,361
Accrued profit		683	974
Sales tax receivable		-	7,619
Short term investments	12	390,524	510,410
Taxation – net		-	27,219
Cash and bank balances	13	232,213	135,344
		<u>1,894,513</u>	<u>1,493,000</u>
TOTAL ASSETS		<u>3,545,185</u>	<u>3,100,947</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2014: 40,000,000) Ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital	14	144,000	144,000
Reserves		<u>3,006,678</u>	<u>2,665,617</u>
		<u>3,150,678</u>	<u>2,809,617</u>
NON CURRENT LIABILITIES			
Deferred taxation	15	54,777	61,055
CURRENT LIABILITIES			
Trade and other payables	16	319,203	230,275
Taxation – net		16,299	-
Sales tax payable		4,228	-
		<u>339,730</u>	<u>230,275</u>
COMMITMENTS	17		
TOTAL EQUITY AND LIABILITIES		<u>3,545,185</u>	<u>3,100,947</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Profit & Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
Turnover - net	18	4,923,276	3,158,800
Cost of sales	19	(3,934,624)	(2,647,863)
Gross profit		988,652	510,937
Distribution costs	20	(83,263)	(56,556)
Administrative expenses	21	(140,238)	(118,245)
		(223,501)	(174,801)
Operating profit		765,151	336,136
Other expenses	22	(63,765)	(37,865)
Other income	23	33,742	105,383
Finance costs	24	(1,729)	(89)
		(31,752)	67,429
Profit before taxation		733,399	403,565
Taxation	25	(248,338)	(95,327)
Profit after taxation		485,061	308,238
		Rupees	Rupees
Earnings per share - basic and diluted	26	16.84	10.70

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	(Rs. in 000')	
Net profit for the year	485,061	308,238
Other comprehensive income		
Unrealized gain on change in fair value of available-for-sale investments arisen during the year – net of tax	-	24,476
Reclassification adjustment for gains included in profit and loss account upon disposal of investments	-	(24,517)
	-	(41)
Total comprehensive income for the year	485,061	308,197

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	430,027	740,021
Finance costs paid		(1,729)	(89)
Income tax paid		(219,408)	(123,725)
Long term deposits		-	(520)
Net cash generated from operating activities		208,890	615,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(122,199)	(143,828)
Proceeds from disposal of property, plant and equipment		2,893	9,567
Proceeds from disposal of short term investment		-	474,519
Short term investments		-	(450,000)
Long term investments into subsidiary		-	(325,195)
Profit received on term deposit receipts		29,731	11,604
Profit received on deposit accounts		-	8,639
Net cash used in investing activities		(89,575)	(414,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(142,446)	(156,461)
Net cash used in financing activities		(142,446)	(156,461)
Net (decrease) / increase in cash and cash equivalents		(23,131)	44,532
Cash and cash equivalents at the beginning of the year		645,344	600,812
Cash and cash equivalents at the end of the year	28	622,213	645,344

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Statement of Changes In Equity

For the year ended June 30, 2015

Issued, subscribed and paid-up capital	Capital reserve	Reserves		Gain / (loss) on changes in fair value of available-for-sale investments	Total	Total equity
		Share premium	Revenue reserves			
			General	Unappropriated profit		
(Rs. in 000')						
Balance as at June 30, 2013	144,000	12,598	2,160,000	343,181	41	2,659,820
Final dividend for the year ended June 30, 2013 @ Rs. 5.50 /- per share	-	-	-	(158,400)	-	(158,400)
Transfer to general reserve	-	-	175,000	(175,000)	-	-
Profit after taxation for the year	-	-	-	308,238	-	308,238
Other comprehensive loss	-	-	-	-	(41)	(41)
Total comprehensive income for the year	-	-	-	308,238	(41)	308,197
Balance as at June 30, 2014	144,000	12,598	2,335,000	318,019	-	2,809,617
Final dividend for the year ended June 30, 2014 @ Rs. 5 /- per share	-	-	-	(144,000)	-	(144,000)
Transfer to general reserve	-	-	170,000	(170,000)	-	-
Profit after taxation for the year	-	-	-	485,061	-	485,061
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	485,061	-	485,061
Balance as at June 30, 2015	144,000	12,598	2,505,000	489,080	-	3,150,678

The annexed notes from 1 to 39 form an integral part of these financial statements.


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Notes to the Financial Statements

For the year ended June 30, 2015

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company, under the Companies Act, 1913 (now the Companies Ordinance, 1984), and is listed on the Karachi and Lahore stock exchanges of Pakistan since June 1984. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

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

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for available-for-sale investments which are valued as stated in note 5.5 to the financial statements.
- 3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

4.1 New / revised standards, interpretations and amendments

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

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
IAS 32 - Financial Instruments : Presentation - (Amendment) -Offsetting Financial Assets and Financial Liabilities
IAS 36 - Impairment of Assets - (Amendment)-Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) (note 3 below)
- Novation of Derivatives and Continuation of Hedge Accounting

Improvements to Accounting Standards Issued by the IASB

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method proportionate
restatement of accumulated depreciation / amortization
IAS 24 Related Party Disclosures - Key management personnel

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

Notes to the Financial Statements

For the year ended June 30, 2015

4.2 Standards and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

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

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018

5. SIGNIFICANT ACCOUNTING JUDGEMENTS ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements

For the year ended June 30, 2015

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to the financial statements:

	Notes
- determining the residual values and useful lives of property, plant and equipment	5.1 & 6
- valuation of inventories	5.2, 5.3, 8 & 9
- provision against trade debts and other receivables	5.4, 7 & 10
- provision for tax and deferred tax	5.10, 25 & 15
- provision for employee's benefits	5.9 & 16.1
- warranty obligations	5.12 & 16.3

5.1 Property, plant and equipment

Owned

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

Depreciation on fixed assets is charged to the profit and loss account applying the reducing balance method at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month of addition and in case of deletion up to the month of disposal. Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalised. Gains or losses on disposals of fixed assets, if any, are included in profit and loss account.

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

5.2 Stores, spares and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred thereon upto the date of the balance sheet. Cost is determined on weighted moving average basis.

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

5.3 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

Raw and packing materials	- Moving average basis.
Work-in-process	- Cost of direct materials plus conversion cost is valued on the basis of equivalent production units.
Finished goods	- Cost of direct materials plus conversion cost is valued on time proportion basis.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.4 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

Notes to the Financial Statements

For the year ended June 30, 2015

5.5 Investments

Investment in subsidiary company

Investment in subsidiary is stated at cost less impairment, if any.

Held-to-maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

Available-for-sale

Investments which are not classified in the above category and which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. Transaction costs in the case of held-for-trading investments are charged to income when incurred. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

5.6 Cash and cash equivalents

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

5.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

5.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

5.9 Employees' benefits

Provident fund

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

Compensated absences

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

Notes to the Financial Statements

For the year ended June 30, 2015

5.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance.

Deferred

Deferred tax is provided, proportionate to local sales, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

5.11 Provisions

Provision is recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.12 Warranty obligations

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

5.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in profit and loss account.

5.14 Revenue recognition

Sales are recorded when goods are dispatched to the customers.

Profit on term deposit receipts is recognised on constant rate of return to maturity.

Profit on deposit accounts is recognised on accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

5.15 Borrowing costs

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

5.16 Research and development costs

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 "Intangible Assets".

5.17 Dividends and appropriation to reserve

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

Notes to the Financial Statements

For the year ended June 30, 2015

Note 2015 2014

(Rs. in 000')

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets - tangible	6.1	615,428	570,428
Capital work-in-progress	6.4	690	2,965
		616,118	573,393

6.1 Operating assets - tangible

	C O S T			Depreciation rate %	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE As at June 30, 2015
	As at July 01, 2014	Additions/ (disposals)	As at June 30, 2015		As at July 01, 2014	Charge for the Year	Disposals for the Year	As at June 30, 2015	
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	127,410	33,405	160,815	10	60,449	6,974	-	67,423	93,392
Plant and machinery	748,668	68,597 (11,186)	806,079	10 - 20	305,924	51,384	(9,114)	348,194	457,885
Furniture and fittings	8,442	335 (35)	8,742	15	4,369	651	(34)	4,986	3,756
Vehicles	58,999	17,312 (2,496)	73,815	20	28,467	7,288	(974)	34,781	39,034
Office equipment	3,225	324 (99)	3,450	20	1,802	305	(96)	2,011	1,439
Computer equipment	27,553	1,991 (715)	28,829	33	19,698	2,825	(669)	21,854	6,975
Dies and tools	35,381	2,510	37,891	40	20,193	6,403	-	26,596	11,295
2015	1,011,330	124,474 (14,531)	1,121,273		440,902	75,830	(10,887)	505,845	615,428

	C O S T			Depreciation rate %	ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE As at June 30, 2014
	As at July 01, 2013	Additions/ (disposals)	As at June 30, 2014		As at July 01, 2013	Charge for the Year	Disposals for the Year	As at June 30, 2014	
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Building on freehold land	107,051	20,359	127,410	10	54,467	5,982	-	60,449	66,961
Plant and machinery	624,228	136,094 (11,654)	748,668	10 - 20	269,352	47,388	(10,816)	305,924	442,744
Furniture and fittings	8,042	400	8,442	15	3,682	687	-	4,369	4,073
Vehicles	58,301	9,554 (8,856)	58,999	20	24,734	7,838	(4,105)	28,467	30,532
Office equipment	2,897	328	3,225	20	1,524	278	-	1,802	1,423
Computer equipment	26,762	863 (72)	27,553	33	16,084	3,672	(58)	19,698	7,855
Dies and tools	20,667	14,714	35,381	40	16,484	3,709	-	20,193	15,188
2014	849,600	182,312 (20,582)	1,011,330		386,327	69,554	(14,979)	440,902	570,428

Notes to the Financial Statements

For the year ended June 30, 2015

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

	Note	2015 (Rs. in 000')	2014
Cost of sales	19	67,730	61,150
Distribution costs	20	753	872
Administrative expenses	21	7,347	7,532
		<u>75,830</u>	<u>69,554</u>

6.3 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value (Rs. in 000')	Sales proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
Plant and machinery / Dies and tools							
Plant, machinery & equipment	11,186	9,114	2,072	841	(1,231)	Auction	Pioneer Auctioneers
Furniture and fittings							
File Cabinets	35	34	1	6	5	Auction	Pioneer Auctioneers
Office equipment							
Office equipment	99	96	3	13	10	Auction	Pioneer Auctioneers
Computer equipment							
Computers & Printers	715	669	46	58	12	Auction	Pioneer Auctioneers
Vehicles							
Suzuki Cultus	1,034	118	916	925	9	Negotiation	Ms. Zarina Begum
Toyota Corolla	1,462	856	606	1,050	444	Negotiation	Mr. Muhammad Faiq
	<u>2,496</u>	<u>974</u>	<u>1,522</u>	<u>1,975</u>	<u>453</u>		
2015	<u>14,531</u>	<u>10,887</u>	<u>3,644</u>	<u>2,893</u>	<u>(751)</u>		
2014	<u>20,582</u>	<u>14,979</u>	<u>5,603</u>	<u>9,567</u>	<u>3,964</u>		

6.4 Capital work-in-progress

	Plant and machinery	Civil works	Dies and tools	Total
	(Rs. in '000')			
Balance as at July 01, 2014	2,965	-	-	2,965
Capital expenditure incurred / advances made during the year	-	33,405	-	33,405
Transfer to fixed assets during the year	(2,275)	(33,405)	-	(35,680)
Balance as at June 30, 2015	<u>690</u>	<u>-</u>	<u>-</u>	<u>690</u>

7. LONG TERM INVESTMENT

Investment in a subsidiary company - at cost

Agriauto Stamping Company (Private) Limited

2015
(Rs. in 000')

1,028,320

2014

1,028,320

7.1 The subsidiary company was incorporated on January 20, 2012 and the Company has made an investment of Rs1,028.320 million (2014: Rs. 1,028.320 million) as at 30 June 2015. The Company holds 100 percent shares in the subsidiary company.

Notes to the Financial Statements

For the year ended June 30, 2015

Note	2015	2014
	(Rs. in 000')	
8. STORES, SPARES AND LOOSE TOOLS		
Stores	19,639	19,727
Spares	27,315	30,690
Loose tools	4,358	4,919
	<u>51,312</u>	<u>55,336</u>

	2015	2014
	(Rs. in 000')	
9. STOCK-IN-TRADE		
Raw material	471,843	294,628
Packing material	6,077	4,419
Work-in-process	89,976	46,291
Finished goods	19,432	17,197
Goods-in-transit	112,269	79,952
	<u>699,597</u>	<u>442,487</u>

9.1 The amount of written down to NRV in respect of stock-in-trade was Rs 2.921 million (2014: Rs. 3.513 million).

Note	2015	2014
	(Rs. in 000')	
10. TRADE DEBTS – unsecured		
Considered good	511,947	246,250
Considered doubtful	445	1,526
Provision for impairment	(445)	(1,526)
	<u>511,947</u>	<u>246,250</u>

10.1 This includes an amount of Rs. 5.473 million (2014: Rs. 0.282 million) due from a related party.

Note	2015	2014
	(Rs. in 000')	
10.2 Reconciliation of provision for impairment is as follows:		
Balance at the beginning of the year	1,526	931
(Reversal) / charge for the year	(1,060)	595
Write-offs during the year	(21)	-
Balance at the end of the year	<u>445</u>	<u>1,526</u>

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances – unsecured, considered good

Suppliers	238	68
Contractors	1,245	100
Employees	143	145
	<u>1,626</u>	<u>313</u>

Deposits

215 215

Prepayments

Insurance	2,042	5,249
Rent	663	2,209
	<u>2,705</u>	<u>7,458</u>

Other receivables – unsecured, considered good

Workers' Profit Participation Fund	-	10,123
Against sale of shares	-	49,252
Others	3,691	-
	<u>3,691</u>	<u>59,375</u>
	<u>8,237</u>	<u>67,361</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
12. SHORT TERM INVESTMENTS			
Held- to- maturity			
Term deposit receipts	12.1	390,000	510,000
Accrued profit thereon		524	410
		<u>390,524</u>	<u>510,410</u>

- 12.1** Represents one month term deposit receipts with a commercial bank carrying profit rate 6.6% (2014: 8.5% to 9.5%) per annum and will mature by 21 August 2015.

	Note	2015	2014
(Rs. in 000')			
13. CASH AND BANK BALANCES			
In hand		25	40
With banks in			
- current accounts	13.1	114,800	84,003
- deposit accounts		117,388	51,301
		<u>232,188</u>	<u>135,304</u>
		<u>232,213</u>	<u>135,344</u>

- 13.1** These carry profit rates ranging from 5.5% to 6% (2014: 7% to 8%) per annum.

		2015	2014
(Rs. in 000')			
14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 5/- each			
Number of shares in (000')			
2015	2014		
22,800	22,800	114,000	114,000
6,000	6,000	30,000	30,000
<u>28,800</u>	<u>28,800</u>	<u>144,000</u>	<u>144,000</u>

- 14.1** Related parties held 2,115,600 (2014: 2,115,600) Ordinary shares of Rs. 5/- each in the Company at year end.

		2015	2014
(Rs. in 000')			
15. DEFERRED TAXATION			
Taxable temporary differences arising due to:			
- accelerated tax depreciation		87,640	89,658
Deductable temporary differences arising due to:			
- provisions		(32,863)	(28,603)
		<u>54,777</u>	<u>61,055</u>

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
16. TRADE AND OTHER PAYABLES			
Creditors		97,157	67,996
Royalty payable		11,140	11,149
Accrued liabilities		143,616	108,109
Advance from customers		2,857	1,073
Payable to provident fund	16.1	1,391	-
Workers' Profit Participation Fund	16.2	909	-
Workers' Welfare Fund		15,373	8,313
Warranty obligations	16.3	27,485	18,277
Unclaimed dividends		14,025	12,471
Guarantee bond payable	16.4	1,111	1,110
Tax deducted at source		2,683	1,269
Others		1,456	508
		319,203	230,275

16.1 General Disclosures

-- (Unaudited) -- -- (Audited) --

Size of the fund		165,750	146,275
Cost of investments		114,051	106,050
Fair value of investments	16.1.1	165,750	146,275
Percentage of investments		100%	100%

16.1.1 The breakup of fair value of investments is:

	2015		2014	
	----- (Unaudited) -----		----- (Audited) -----	
	(Rs. in 000')	(%)	(Rs. in 000')	(%)
Special Saving Certificates	122,712	74	110,712	75
Term Finance Certificates	10,609	6	12,575	9
Mutual fund units	5,768	4	5,462	4
Shares in listed companies	3,427	2	2,901	2
Bank balance	11,236	7	3,775	3
Others	11,998	7	10,850	7
Total	165,750	100	146,275	100

16.1.2 Investments of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2015	2014
		(Rs. in 000')	
16.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		(10,123)	12,231
Prior year's adjustment		-	3,784
Allocation for the year	22	39,409	21,877
		29,286	37,892
Less: Payment made during the year		(28,377)	(48,015)
Balance at end of the year		909	(10,123)
16.3 Warranty obligations			
Balance at the beginning of the year		18,277	18,052
Provision for the year	20	14,083	5,760
		32,360	23,812
Less: Claims paid during the year		(4,875)	(5,535)
Balance at end of the year		27,485	18,277

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

Notes to the Financial Statements

For the year ended June 30, 2015

17. COMMITMENTS

- (i) Commitments in respect of outstanding letters of credit for raw material amount to Rs.386.670 million (2014: Rs.231.358 million).
- (ii) Commitments in respect of capital expenditure amount to Rs.5.265 million (2014: Rs. 3.134 million).
- (iii) Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385 million (2014: Rs. 0.385 million).

18. TURNOVER – net

	Note	2015	2014
		(Rs. in 000')	
Sales		5,760,808	3,704,775
Less: Trade discount		134	7,091
Sales tax		837,398	538,884
		837,532	545,975
		4,923,276	3,158,800

19. COST OF SALES

Raw material consumed

Opening stock		294,628	475,256
Purchases		3,385,523	1,831,368
		3,680,151	2,306,624
Closing stock	9	(471,843)	(294,628)
		3,208,308	2,011,996

Manufacturing expenses

Salaries, wages and benefits		275,108	227,639
Stores, spares and loose tools consumed		139,884	112,445
Packing material consumed		20,958	18,949
Fuel and power		88,674	73,445
Transportation and traveling		59,138	59,286
Depreciation	6.2	67,730	61,150
Repairs and maintenance		68,977	37,815
Royalty and technical fees		36,493	33,907
Research and development costs		103	95
Communications and professional fee		1,453	1,968
Printing and stationery		751	866
Insurance		3,262	2,552
Rent, rates and taxes		6,223	5,343
Others		3,482	5,026
		772,236	640,486

Work-in-process

Opening stock		46,291	47,436
Closing stock	9	(89,976)	(46,291)
		(43,685)	1,145

Cost of goods manufactured

		3,936,859	2,653,627
--	--	-----------	-----------

Finished goods

Opening stock		17,197	11,433
Closing stock	9	(19,432)	(17,197)
		(2,235)	(5,764)
		3,934,624	2,647,863

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
20. DISTRIBUTION COSTS			
Salaries, wages and benefits		14,325	14,090
Advertisement and sales promotion		23,223	12,767
Carriage and forwarding		26,672	18,329
Traveling and conveyance		3,505	2,972
Depreciation	6.2	753	872
Provision for warranty claims	16.3	14,083	5,760
(Reversal) / provision for impairment of trade debts	10.2	(1,060)	595
Rent, rates and taxes		164	140
Communications		258	272
Insurance		869	231
Repairs and maintenance		397	451
Others		74	77
		83,263	56,556
21. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		56,752	56,880
Legal and professional charges		35,642	17,007
Repairs and maintenance		7,576	9,923
Depreciation	6.2	7,347	7,532
Printing and stationery		1,101	808
Computer supplies		-	423
Rent, rates and taxes		3,376	3,247
Traveling and conveyance		15,225	11,046
Communications and professional fee		3,547	3,156
Utilities		1,529	1,566
Security services		3,441	3,923
Insurance		997	911
Auditors' remuneration	21.1	1,096	1,056
Advertisement		1,479	169
Others		1,130	598
		140,238	118,245
21.1 Auditors' remuneration			
Audit fee for standalone financial statements		660	600
Audit fee for consolidated financial statements		138	125
Fee for review of half yearly financial statements		66	60
Other certifications		135	185
Out of pocket expenses		97	86
		1,096	1,056
22. OTHER EXPENSES			
Workers' Profit Participation Fund	16.2	39,409	25,661
Workers' Welfare Fund		15,373	8,313
Donations	22.1	8,983	3,891
		63,765	37,865
22.1	None of the directors or their spouses had any interest in any of the donees to whom donations were made during the year.		

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
23. OTHER INCOME			
Income from financial assets			
Profit on:			
- term deposit receipts		21,397	11,715
- deposit accounts		8,158	8,781
Gain on sale of available-for-sale investments		-	24,517
Reversal of provision for impairment	11	-	49,252
		29,555	94,265
Liabilities no longer payable - written back		62	2,616
Income from non-financial assets			
(Loss) / gain on disposal of property, plant and equipment	6.3	(751)	3,964
Scrap sales		4,876	3,093
Miscellaneous income		-	1,445
		4,125	8,502
		33,742	105,383
24. FINANCE COSTS			
Mark-up on short-term running finance		1,435	-
Bank charges		294	89
		1,729	89
25. TAXATION			
Current		232,791	87,581
Prior		(773)	1,131
Super tax		22,598	-
Deferred		(6,278)	6,615
		248,338	95,327
25.1 Relationship between tax expense and accounting profit			
Profit before taxation		733,399	403,565
Tax at the rate of 33% (2014: 34%)		242,022	137,212
Tax effects of:			
Expenses that are admissible in determining taxable profit		6,553	(33,396)
Prior year		(773)	1,131
Tax rebates		(15,784)	(16,235)
Deferred		(6,278)	6,615
Super tax		22,598	-
		248,338	95,327
26. EARNINGS PER SHARE – basic and diluted			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
		2015	2014
Profit after taxation (Rs. in 000')		485,061	308,238
Weighted average number of ordinary shares outstanding during the year (in 000')		28,800	28,800
Basic earnings per share (Rs.)		16.84	10.70

Notes to the Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
27. CASH GENERATED FROM OPERATIONS			
Profit before taxation		733,399	403,565
Adjustments for			
Depreciation		75,830	69,554
Finance costs		1,729	89
(Reversal) / provision for impairment of trade debts		(1,060)	595
Liabilities no longer payable - written back		(62)	(2,616)
Gain on disposal of available-for-sale investment		-	(24,517)
Profit on term deposit receipts		(21,397)	(11,715)
Profit on deposit accounts		(8,158)	(8,781)
Loss / (gain) on disposal of property, plant and equipment		751	(3,965)
		47,633	18,644
		781,032	422,209
(Increase) / decrease in current assets			
Stores, spares and loose tools		4,024	19,771
Stock-in-trade		(257,109)	183,438
Trade debts		(264,636)	225,966
Advances, deposits, prepayments and other receivables		66,743	(43,737)
Sales tax receivable		-	(7,619)
		(450,978)	377,819
Increase / (decrease) in current liabilities			
Trade and other payables		95,745	(39,266)
Sales tax payable		4,228	(20,741)
		99,973	(60,007)
		430,027	740,021
28. CASH AND CASH EQUIVALENTS			
Short term investments – term deposit receipts	12	390,000	510,000
Cash and bank balances	13	232,213	135,344
		622,213	645,344

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

29.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Company is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Company estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Company's profit after tax by Rs.3.399 million(2014 : Rs. 3.705 million) and a 1% decrease would result in the decrease in the Company's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2015, the Company does not have any financial assets or financial liabilities which are denominated in foreign currencies.

Notes to the Financial Statements

For the year ended June 30, 2015

29.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

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

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

Trade debts

The analysis of trade debts is as follows:

Neither past due nor impaired
Past due but not impaired – 30 to 90 days

Bank balances

Ratings

A-1+
A1+
P1

Short term investments

Ratings

A1+

	2015	2014
	(Rs. in '000')	
Neither past due nor impaired	385,248	218,925
Past due but not impaired – 30 to 90 days	126,699	27,325
	<u>511,947</u>	<u>246,250</u>
Bank balances		
A-1+	52,017	58,342
A1+	179,956	76,747
P1	215	215
	<u>232,188</u>	<u>135,304</u>
Short term investments		
A1+	390,000	510,000
	<u>390,000</u>	<u>510,000</u>

29.3 Liquidity risk

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

The management forecasts the liquidity of the Company on the basis of expected cash flow considering the level of liquid assets necessary to mitigate the liquidity risk.

	2015			
	On demand	Less than 3 months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	<u>110,278</u>	<u>193,552</u>	<u>15,373</u>	<u>319,203</u>
	2014			
	On demand	Less than 3 months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	<u>86,514</u>	<u>135,448</u>	<u>8,313</u>	<u>230,275</u>

Notes to the Financial Statements

For the year ended June 30, 2015

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the mutual fund units is determined by using the net asset value as disclosed by the Fund Manager at each balance sheet date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

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

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

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

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

During the year ended 30 June 2014, the Company had available-for-sale investments measured at fair value using level 1 valuation technique.

31. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The capital structure of the Company is equity based with no financing through long term borrowings.

32. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than disclosed elsewhere in the financial statements, are as follows:

	2015	2014
	(Rupees in '000)	
Purchase of goods	1,096	311
Contribution to the Provident fund	6,374	5,159
Sale of goods	18,054	-

The receivable/payable balances with related parties as at June 30, 2015 are disclosed in the respective notes to the financial statements.

33. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

33.1 Aggregate amounts charged in the financial statements are as follows:

	2015			2014		
	Chairman	Chief Executive	Executives	Chairman	Chief Executive	Executives
	(Rs. in '000)					
Managerial remuneration	7,353	13,125	46,615	15,477	10,134	42,500
Retirement benefits	-	521	2,060	-	449	1,748
Utilities	316	92	237	391	149	866
Medical expenses	100	54	699	140	61	727
	7,769	13,792	49,611	16,008	10,793	45,841
Number of persons	1	1	22	1	1	20

Notes to the Financial Statements

For the year ended June 30, 2015

- 33.2** The Chairman, Chief Executive and certain Executives are also provided with free use of Company maintained vehicles in accordance with the Company's policy. The Chairman remuneration is only for the period he was acting as an executive.

34. PRODUCTION CAPACITY

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

35. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Company has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2014: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2014: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of paripassu hypothecation of Company's stock-in-trade, stores, spares, loose tools and trade debts.

36. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 36.1** The Board of Directors in its meeting held on August 22, 2015 (i) approved the transfer of Rs. 170 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs. 7.50 per share for the year ended June 30, 2015 amounting to Rs. 216 million for approval of the members at the Annual General Meeting to be held on October 05, 2015.

- 36.2** The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Company has proposed 150 % dividend for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as aforesaid. The Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2015.

37. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 253 (2014: 276) and the average number of persons employed during the year were 253 (2014: 264).

38. GENERAL

Figures have been rounded off to the nearest thousands.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 22, 2015 by the Board of Directors of the Company.


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

CONSOLIDATED FINANCIALS

21
2.68
47.20
672.08

31142.45

+ 3542.55
+ 1352.14
+ 2100.36
+ 854.94

=====

38992.44

9
87
+
689

=====

30589.6

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Agriauto Industries Limited (the Holding Company)** and its subsidiary company (together referred to as Group) as at **30 June 2015** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company Agriauto Stamping Company (Private) Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **30 June 2015** and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 22 August 2015
Place: Karachi

Consolidated Balance Sheet

As at 30 June 2015

	Note	2015	2014
(Rs. in 000')			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	1,315,911	1,306,026
Long term deposits	8	13,018	12,805
		1,328,929	1,318,831
CURRENT ASSETS			
Stores, spares and loose tools	9	55,295	56,274
Stock-in-trade	10	899,337	483,939
Trade debts	11	558,583	245,968
Advances, deposits, prepayments and other receivables	12	10,176	67,478
Accrued profit		893	1,754
Sales tax refundable		55,067	61,255
Short term investments	13	390,524	510,410
Taxation – net		32,205	50,353
Cash and bank balances	14	331,891	264,132
		2,333,971	1,741,563
TOTAL ASSETS		3,662,900	3,060,394
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (2014: 40,000,000) Ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital	15	144,000	144,000
Reserves		2,983,477	2,581,857
		3,127,477	2,725,857
NON CURRENT LIABILITIES			
Deferred taxation	16	54,777	61,055
CURRENT LIABILITIES			
Trade and other payables	17	366,896	273,482
Short term borrowings	18	111,609	-
Accrued mark-up		2,141	-
		480,646	273,482
COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		3,662,900	3,060,394

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


Yutaka Arae
Chairman


Fahim Kapadia
Chief Executive

Consolidated Profit & Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
Turnover - net	20	5,635,595	3,158,518
Cost of sales	21	(4,561,518)	(2,647,581)
Gross profit		1,074,077	510,937
Distribution costs	22	(88,090)	(56,556)
Administrative expenses	23	(153,146)	(162,927)
		(241,236)	(219,483)
Operating profit		832,841	291,454
Other expenses	24	(68,253)	(37,865)
Other income	25	38,046	112,296
Finance costs	26	(8,676)	(157)
		(38,883)	74,274
Profit before taxation		793,958	365,728
Taxation	27	(248,338)	(95,327)
Profit after taxation		545,620	270,401
		Rupees	Rupees
Earnings per share – basic and diluted	28	18.95	9.39

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


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	(Rs. in 000')	
Net profit for the year	545,620	270,401
Other comprehensive income		
Unrealized gain on change in fair value of available-for-sale investments arisen during the year – net of tax	-	24,476
Reclassification adjustment for gains included in profit and loss account upon disposal of investments	-	(24,517)
	-	(41)
Total comprehensive income for the year	545,620	270,360

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


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	355,798	653,614
Finance costs paid		(2,418)	(157)
Income tax paid		(244,777)	(130,020)
Long term deposits		(213)	(520)
Net cash generated from operations		108,390	522,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(165,980)	(353,960)
Proceeds from disposal of property, plant and equipment		2,893	9,567
Proceeds from disposal of short term investment		-	474,519
Short term investments		-	(450,000)
Profit received on term deposit receipts		29,731	11,604
Profit received on deposit accounts		3,562	15,489
Net cash used in investing activities		(129,794)	(292,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(142,446)	(156,461)
Net cash used in financing activities		(142,446)	(156,461)
Net (decrease) / increase in cash and cash equivalents		(163,850)	73,675
Cash and cash equivalents at the beginning of the year		774,132	700,457
Cash and cash equivalents at the end of the year	30	610,282	774,132

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


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Consolidated Statement of Changes In Equity

For the year ended June 30, 2015

Issued, subscribed and paid-up capital	R e s e r v e s					Total	Total equity
	Capital reserve	Revenue reserves		Gain / (loss) on changes in fair value of available- for-sale investments			
	Share premium	General	Unapp- ropriated profit				
(Rs. in 000')							
Balance as at June 30, 2013	144,000	12,598	2,160,000	297,258	41	2,469,897	2,613,897
Final dividend for the year ended June 30, 2013 @ Rs. 5.5 /- per share	-	-	-	(158,400)	-	(158,400)	(158,400)
Transfer to general reserve	-	-	175,000	(175,000)	-	-	-
Profit after taxation for the year	-	-	-	270,401	-	270,401	270,401
Other comprehensive loss	-	-	-	-	(41)	(41)	(41)
Total comprehensive income for the year	-	-	-	270,401	(41)	270,360	270,360
Balance as at June 30, 2014	144,000	12,598	2,335,000	234,259	-	2,581,857	2,725,857
Final dividend for the year ended June 30, 2014 @ Rs. 5 /- per share	-	-	-	(144,000)	-	(144,000)	(144,000)
Transfer to general reserve	-	-	170,000	(170,000)	-	-	-
Profit after taxation for the year	-	-	-	545,620	-	545,620	545,620
Total comprehensive income for the year	-	-	-	545,620	-	545,620	545,620
Balance as at June 30, 2015	144,000	12,598	2,505,000	465,879	-	2,983,477	3,127,477

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


Yutaka Arae
 Chairman


Fahim Kapadia
 Chief Executive

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

1. THE GROUP AND ITS OPERATIONS

- 1.1 Agriauto Industries Limited (the Holding Company) was incorporated in Pakistan on June 25, 1981 as a public limited company, under the Companies Act, 1913 (now the Companies Ordinance, 1984), and is listed on the Karachi and Lahore stock exchanges of Pakistan since June 1984. The Holding Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Holding Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

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

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

- 3.1 These consolidated financial statements have been prepared under the historical cost convention except for available-for-sale investments which are valued as stated in note 6.5 to the consolidated financial statements.
- 3.2 These consolidated financial statements are presented in Pak Rupees which is the Group's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

4.1 New / revised standards, interpretations and amendments

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

- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions
- IAS 32 - Financial Instruments : Presentation - (Amendment) - Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment)-Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) (note 3 below)
 - Novation of Derivatives and Continuation of Hedge Accounting

Improvements to Accounting Standards Issued by the IASB

- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method proportionate restatement of accumulated depreciation / amortization
- IAS 24 Related Party Disclosures - Key management personnel

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

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

4.2 Standards and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods Beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities (Amendment)	01 January 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)	01 January 2016

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

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

Standard	IASB Effective date (accounting periods Beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018

5. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company for the year ended June 30, 2015.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the consolidated financial statements:

	Notes
- determining the residual values and useful lives of property, plant and equipment	6.1 & 7
- valuation of inventories	6.2, 6.3, 9 & 10
- provision against trade debts	6.4 & 11
- provision for tax and deferred tax	6.10, 16 & 27
- warranty obligations	6.12 & 17.3

6.1 Property, plant and equipment

Owned

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

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

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

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

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

6.2 Stores, spares and loose tools

These are stated at the lower of cost and Net Realisable Value (NRV) except for goods-in-transit which are stated at invoice price plus other charges incurred there on upto the date of the balance sheet. Cost is determined on weighted moving average basis.

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

6.3 Stock-in-trade

Stock-in-trade, except goods-in-transit, is stated at the lower of NRV and cost determined as follows:

Raw and packing materials	- Moving average basis.
Work-in-process	- Cost of direct materials plus conversion cost is valued on the basis of equivalent production units.
Finished goods	- Cost of direct materials plus conversion cost is valued on time proportion basis.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the balance sheet date.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

6.4 Trade debts and other receivables

Trade debts originated by the Group are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on the management's assessment of customers' outstandings and creditworthiness. Bad debts are written-off as and when identified.

6.5 Investments

Held-to-maturity

Investments with fixed maturity where management has both the intent and ability to hold to maturity are classified as held-to-maturity.

Gains or losses on held-to-maturity investments are recognised in income when the investments are derecognised or impaired.

Available-for-sale

Investments which are not classified in the above category and which the management intends to hold for indefinite period, but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment. Transaction costs in the case of held-for-trading investments are charged to income when incurred. After initial recognition, investments classified as available-for-sale are remeasured at fair values and held-to-maturity investments are measured at amortised cost.

Gains or losses on revaluation of available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

6.6 Cash and cash equivalents

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

6.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights under the instruments are realised, expired or surrendered. Financial liabilities are derecognised when the obligation is extinguished, discharged, cancelled or expired. Any gain or loss on recognition or derecognition of the financial assets and financial liabilities is taken to the profit and loss account.

6.8 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

6.9 Employees' benefits

Provident fund

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

Compensated absences

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

6.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover or Alternate Corporate Tax whichever is higher and tax paid on final tax regime basis. Alternate Corporate Tax is calculated in accordance with the provisions of Section 113C of Income Tax Ordinance. The Subsidiary Company is entitled to tax credit, under Section 65D of the Income Tax Ordinance, 2001 (the Ordinance), equal to 100% of tax payable including minimum tax and final tax arising under any of the provisions of the Ordinance. The above tax credit is available to the Company for five years from the date of commercial production.

Deferred

Deferred tax is provided, proportionate to local sales, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

6.11 Provisions

Provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

6.12 Warranty obligations

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

6.13 Foreign currency transactions

Transactions denominated in foreign currencies are recorded on initial recognition in Pak. Rupees, by applying to the foreign currency amount the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak. Rupees equivalents using the exchange rate at the balance sheet date. Exchange differences are included in consolidated profit and loss account.

6.14 Revenue recognition

Sales are recorded when goods are dispatched to the customers.
Profit on term deposit receipts is recognised on constant rate of return to maturity.
Profit on deposit accounts is recognised on accrual basis.
Dividend income is recognised when the right to receive the dividend is established.

6.15 Borrowing costs

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

6.16 Research and development costs

Research and development costs are expensed as incurred, except for development costs that relate to the design of new or improved products which are recognised as an asset to the extent that it is expected that such asset will meet the recognition criteria mentioned in IAS – 38 "Intangible Assets".

6.17 Dividends and appropriation to reserve

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

Note	2015	2014
	(Rs. in 000')	

7. PROPERTY, PLANT AND EQUIPMENT

Operating assets - tangible	7.1	1,314,818	598,796
Capital work-in-progress	7.4	1,093	707,230
		<u>1,315,911</u>	<u>1,306,026</u>

7.1 Operating assets - tangible

	C O S T			Depreciation rate %	ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2014	Additions/ (disposals)	As at June 30, 2015		As at July 01, 2014	Charge for the year	Disposals for the year	As at June 30, 2015	As at June 30, 2015
	(Rs. in 000')				(Rs. in 000')				
Owned									
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652
Leasehold land	29,418	-	29,418	1.79	1,051	525	-	1,576	27,842
Building on freehold land	127,410	33,405	160,815	10	60,449	6,974	-	67,423	93,392
Building on leasehold land	-	308,883	308,883	10	-	30,798	-	30,798	278,085
Plant and machinery	748,668	487,046 (11,186)	1,224,528	10 – 20	305,924	93,143	(9,114)	389,953	834,575
Furniture and fittings	8,442	8,106 (35)	16,513	15	4,369	1,297	(34)	5,632	10,881
Vehicles	58,999	20,420 (2,496)	76,923	20	28,467	7,685	(974)	35,178	41,745
Office equipment	3,225	2,847 (99)	5,973	20	1,802	547	(96)	2,253	3,720
Computer equipment	27,553	8,901 (715)	35,739	33	19,698	5,079	(669)	24,108	11,631
Dies and tools	35,381	2,510	37,891	40	20,193	6,403	-	26,596	11,295
2015	1,040,748	872,118 (14,531)	1,898,335		441,953	152,451	(10,887)	583,517	1,314,818

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	C O S T				Depreciation rate %	ACCUMULATED DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE
	As at July 01, 2013	Additions/ (disposals)	As at June 30, 2014	As at July 01, 2013		Charge for the year	Disposals for the year	As at June 30, 2014	As at June 30, 2014	
	(Rs. in 000')			(Rs. in 000')						
Owned										
Freehold land	1,652	-	1,652	-	-	-	-	-	1,652	
Leasehold land	29,418	-	29,418	1.79	525	525	-	1,050	28,368	
Building on freehold land	107,051	20,359	127,410	10	54,467	5,982	-	60,449	66,961	
Plant and machinery	624,228	136,094 (11,654)	748,668	10 – 20	269,352	47,388	(10,816)	305,924	442,744	
Furniture and fittings	8,042	400	8,442	15	3,682	687	-	4,369	4,073	
Vehicles	58,301	9,554 (8,856)	58,999	20	24,734	7,838	(4,105)	28,467	30,532	
Office equipment	2,897	328	3,225	20	1,524	278	-	1,802	1,423	
Computer equipment	26,762	863 (72)	27,553	33	16,084	3,672	(58)	19,698	7,855	
Dies and tools	20,667	14,714	35,381	40	16,484	3,709	-	20,193	15,188	
2014	879,018	182,312 (20,582)	1,040,748		386,852	70,079	(14,979)	441,952	598,796	

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

	Note	2015 (Rs. in 000')	2014
Cost of sales	21	140,922	61,150
Distribution costs	22	1,563	872
Administrative expenses	23	9,966	8,057
		152,451	70,079

7.3 The following property, plant and equipment were disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book value (Rs. in 000')	Sales proceeds	Gain / (loss)	Mode of Disposal	Particulars of buyer
Plant and machinery / Dies and tools							
Plant, machinery & equipment	11,186	9,114	2,072	841	(1,231)	Auction	Pioneer Auctioneers
Furniture and fittings							
File cabinets	35	34	1	6	5	Auction	Pioneer Auctioneers
Office equipment							
Office equipment	99	96	3	13	10	Auction	Pioneer Auctioneers
Computer equipment							
Computers & printers	715	669	46	58	12	Auction	Pioneer Auctioneers
Vehicles							
Suzuki cultus	1,034	118	916	925	9	Negotiation	Ms. Zarina Begum
Toyota corolla	1,462	856	606	1,050	444	Negotiation	Mr. Muhammad Faiq
	2,496	974	1,522	1,975	453		
2015	14,531	10,887	3,644	2,893	(751)		
2014	20,582	14,979	5,603	9,567	3,964		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

7.4 Capital work-in-progress

	Plant and machinery	Civil works	Dies and tools	Advance to suppliers / contractors	Total
			(Rs. in '000')		
Balance as at July 01, 2014	380,612	324,815	-	1,803	707,230
Capital expenditure incurred / advances made during the year	403	33,405	-	-	33,808
Transfer to fixed assets during the year	(379,922)	(358,220)	-	(1,803)	(739,945)
Balance as at June 30, 2015	1,093	-	-	-	1,093

2015
(Rs. in 000')

8. LONG TERM DEPOSITS

Security deposits – considered good

13,018 12,805

9. STORES, SPARES AND LOOSE TOOLS

Stores

23,022 20,665

Spares

27,315 30,690

Loose tools

4,958 4,919

55,295 56,274

10. STOCK-IN-TRADE

Raw material

636,619 326,267

Packing material

6,077 4,419

Work-in-process

89,976 46,291

Finished goods

31,157 17,197

Goods-in-transit

135,508 89,765

899,337 483,939

10.1 The amount of stock-in-trade written down to NRV was Rs. 2.921 million (2014: Rs. 3.513 million).

Note 2015 2014
(Rs. in 000')

11. TRADE DEBTS – unsecured

Considered good

558,583 245,968

Considered doubtful

445 1,526

Provision for impairment

11.2 (445) (1,526)

- -

558,583 245,968

11.1 This includes an amount of Rs. 5.473 million (2014: Rs. 0.282 million) due from a related party.

Note 2015 2014
(Rs. in 000')

11.2 Reconciliation of provision for impairment is as follows:

Balance at the beginning of the year

1,526 931

(Reversal) / charge / for the year

22 (1,060) 595

Write-offs during the year

(21) -

Balance at the end of the year

445 1,526

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances – unsecured, considered good			
Suppliers		1,880	68
Contractors		1,245	100
Employees		143	145
		<u>3,268</u>	<u>313</u>
Deposits		215	215
Prepayments			
Insurance		2,276	5,306
Rent		726	2,269
		<u>3,002</u>	<u>7,575</u>
Other receivables – unsecured, considered good			
Workers' profit participation Fund	17.2	-	10,123
Against sale of shares	25	-	49,252
Others		3,691	-
		<u>3,691</u>	<u>59,375</u>
		<u>10,176</u>	<u>67,478</u>
13. SHORT TERM INVESTMENTS			
Held- to- maturity			
Term deposit receipts	13.1	390,000	510,000
Accrued profit thereon		524	410
		<u>390,524</u>	<u>510,410</u>

13.1 Represents one month term deposit receipts with a commercial bank carrying profit rate 6.6% (2014: 8.5% to 9.5%) per annum and will mature by 21 August 2015.

	Note	2015	2014
(Rs. in 000')			
14. CASH AND BANK BALANCES			
In hand		65	40
With banks in			
- current accounts		117,862	85,419
- deposit accounts	14.1	213,964	178,673
		<u>331,826</u>	<u>264,092</u>
		<u>331,891</u>	<u>264,132</u>

14.1 These carry profit rates ranging from 5.5% to 6% (2014: 7% to 8%) per annum.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

			2015	2014
			(Rs. in 000')	
15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
Ordinary shares of Rs. 5/- each				
	Number of shares in (000')			
	2015	2014		
	22,800	22,800	Fully paid in cash	114,000
	6,000	6,000	Issued as fully paid bonus shares	30,000
	<u>28,800</u>	<u>28,800</u>		<u>144,000</u>

15.1 Related parties held 2,115,600 (2014: 2,115,600) Ordinary shares of Rs. 5/- each in the Holding Company at year end.

	Note	2015	2014
		(Rs. in 000')	
16. DEFERRED TAXATION			
Taxable temporary differences arising due to:			
- accelerated tax depreciation		87,640	89,658
Deductable temporary differences arising due to:			
- provisions		(32,863)	(28,603)
		<u>54,777</u>	<u>61,055</u>

17. TRADE AND OTHER PAYABLES

Creditors		98,817	100,368
Royalty payable		20,333	11,149
Accrued liabilities		174,909	108,211
Advance from customers		3,004	1,073
Payable to provident fund	17.1	1,468	-
Workers' Profit Participation Fund	17.2	4,161	-
Workers' Welfare Fund		16,609	8,313
Warranty obligations	17.3	27,485	18,277
Unclaimed dividends		14,025	12,471
Guarantee bond payable	17.4	1,111	1,110
Tax deducted at source		2,707	1,269
Retention money		714	10,706
Others		1,553	535
		<u>366,896</u>	<u>273,482</u>

17.1 General Disclosures

		--(Unaudited)--	---(Audited)---
Size of the fund		166,702	146,275
Cost of investments		115,003	106,050
Fair value of investments	17.1.1	166,702	146,275
Percentage of investments		100%	100%

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

17.1.1 The breakup of fair value of investments is:

	2015		2014	
	(Unaudited)	(%)	(Audited)	(%)
	(Rs. in 000')		(Rs. in 000')	
Special Saving Certificates	122,712	74	110,712	75
Term Finance Certificates	10,609	6	12,575	9
Mutual fund units	5,768	4	5,462	4
Shares in listed companies	3,427	2	2,901	2
Bank balance	12,188	7	3,775	3
Others	11,998	7	10,850	7
Total	166,702	100%	146,275	100

17.1.2 Investments of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2015	2014
		(Rs. in 000')	
17.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		(10,123)	12,231
Prior year's adjustment		-	3,784
Allocation for the year	24	42,661	21,877
		32,538	37,892
Less: Payment made during the year		(28,377)	(48,015)
Balance at end of the year		4,161	(10,123)
17.3 Warranty obligations			
Balance at the beginning of the year		18,277	18,052
Provision for the year	22	14,083	5,760
		32,360	23,812
Less: Claims paid during the year		(4,875)	(5,535)
Balance at end of the year		27,485	18,277

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

	Note	2015	2014
		(Rs. in 000')	
18. SHORT TERM BORROWINGS – unsecured			
Running finance under markup arrangements	18.1	111,609	-

18.1 The aggregate facilities for short term running finance available from Habib Bank Limited as of June 30, 2015 amounted to Rs 120 million (2014: Nil), of which Rs 8.391 million (2014: Nil) remained unutilized at year end. These facilities are secured against hypothecation of current assets of the Company. These facilities carry the rate of mark up at 1 month KIBOR plus 0.75% per annum, payable quarterly.

19. COMMITMENTS

- Commitments in respect of outstanding letters of credit for raw material amount to Rs.387.954million (2014: Rs.341.645million).
- Commitments in respect of capital expenditure amount toRs.8.235 million (2014: Rs. 15.230 million).
- Outstanding bank guarantees issued to Sui Southern Gas Company Limited amounts to Rs. 0.385million (2014: Rs. 0.385 million)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
20. TURNOVER – net			
Sales		6,596,589	3,704,493
Less: Trade discount		134	7,091
Sales tax		960,860	538,884
		960,994	545,975
		<u>5,635,595</u>	<u>3,158,518</u>
21. COST OF SALES			
Raw material consumed			
Opening stock		326,267	475,256
Purchases		3,974,705	1,862,725
		4,300,972	2,337,981
Closing stock	10	(636,619)	(326,267)
		<u>3,664,353</u>	<u>2,011,714</u>
Manufacturing expenses			
Salaries, wages and benefits		320,227	227,639
Stores, spares and loose tools consumed		144,686	112,445
Packing material consumed		20,958	18,949
Fuel and power		104,079	73,445
Transportation and traveling		71,644	59,286
Depreciation	7.2	140,922	61,150
Repairs and maintenance		72,893	37,815
Royalty and technical fees		61,447	33,907
Research and development costs		560	95
Communications and professional fees		1,739	1,968
Printing and stationery		927	866
Insurance		3,886	2,552
Rent, rates and taxes		6,728	5,343
Others		4,114	5,026
		<u>954,810</u>	<u>640,486</u>
Work-in-process			
Opening stock		46,291	47,436
Closing stock	10	(89,976)	(46,291)
		<u>(43,685)</u>	<u>1,145</u>
Cost of goods manufactured		<u>4,575,478</u>	<u>2,653,345</u>
Finished goods			
Opening stock		17,197	11,433
Closing stock	10	(31,157)	(17,197)
		<u>(13,960)</u>	<u>(5,764)</u>
		<u>4,561,518</u>	<u>2,647,581</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
		(Rs. in 000')	
22. DISTRIBUTION COSTS			
Salaries and benefits		14,325	14,090
Advertisement and sales promotion		23,242	12,767
Carriage and forwarding		30,372	18,329
Traveling and conveyance		3,506	2,972
Depreciation	7.2	1,563	872
Provision for warranty claims	17.3	14,083	5,760
(Reversal) / provision for impairment of trade debts	11.2	(1,060)	595
Rent, rates and taxes		-	140
Communications and professional fee		258	272
Insurance		964	231
Repairs and maintenance		444	451
Others		393	77
		<u>88,090</u>	<u>56,556</u>
23. ADMINISTRATIVE EXPENSES			
Salaries and benefits		61,221	58,378
Legal and professional charges		37,364	21,818
Repairs and maintenance		7,943	13,501
Technical fees		-	20,548
Depreciation	7.2	9,966	8,057
Printing and stationery		1,272	808
Computer supplies		-	423
Rent, rates and taxes		3,478	3,464
Traveling and conveyance		15,393	11,885
Communications and professional fee		4,123	3,209
Utilities		1,529	6,231
Security services		5,772	4,916
Insurance		1,043	1,460
Auditors' remuneration	23.1	1,366	1,198
Advertisement		1,479	169
Others		1,197	6,862
		<u>153,146</u>	<u>162,927</u>
23.1 Auditors' remuneration			
Audit fee for standalone financial statements		910	725
Audit fee for consolidated financial statements		138	125
Fee for review of half yearly financial statements		66	60
Other certifications		135	185
Out of pocket expenses		117	103
		<u>1,366</u>	<u>1,198</u>
24. OTHER EXPENSES			
Workers' Profit Participation Fund	17.2	42,661	25,661
Workers' Welfare Fund		16,609	8,313
Donations	24.1	8,983	3,891
		<u>68,253</u>	<u>37,865</u>

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

	Note	2015	2014
(Rs. in 000')			
25. OTHER INCOME			
Income from financial assets			
Profit on:			
- term deposit receipts		21,397	11,715
- deposit accounts		11,150	15,694
Gain on sale of available-for-sale investments		-	24,517
Reversal of provision for impairment	12	-	49,252
		<u>32,547</u>	<u>101,178</u>
Liabilities no longer payable - written back		62	2,616
Income from non-financial assets			
(Loss) / gain on disposal of property, plant and equipment	7.3	(751)	3,964
Scrap sales		4,876	1,445
Miscellaneous income		1,312	3,093
		<u>5,437</u>	<u>8,502</u>
		<u>38,046</u>	<u>112,296</u>
26. FINANCE COSTS			
Discounting charges on receivables		4,117	-
Mark-up on short term running finance		4,135	-
Bank charges		424	157
		<u>8,676</u>	<u>157</u>
27. TAXATION			
Current		232,791	87,581
Prior		(773)	1,131
Super tax		22,598	-
Deferred		(6,278)	6,615
		<u>248,338</u>	<u>95,327</u>
27.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>793,958</u>	<u>365,728</u>
Tax at the rate of 33% (2014: 34%)		<u>262,006</u>	<u>124,348</u>
Tax effects of:			
Expenses that are admissible in determining taxable profit		6,553	(33,396)
Prior year		(773)	1,131
Tax rebates		(15,784)	(16,235)
Effect of change in tax rate		233	837
Deferred		(26,495)	18,642
Super tax		22,598	-
		<u>248,338</u>	<u>95,327</u>

27.2 As at the year end, there is a deferred tax asset of Rs.7.426 million (2014: Rs.28.478 million) in the Subsidiary Company which has not been recognized in these consolidated financial statements as the Subsidiary Company has opted for tax credit for a period of five years as provided under Section 65 D of the Income Tax Ordinance, 2001.

28. EARNINGS PER SHARE – basic and diluted

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

	2015	2014
Profit after taxation (Rs. in 000')	<u>545,620</u>	<u>270,401</u>
Weighted average number of ordinary shares outstanding during the year (in 000')	<u>28,800</u>	<u>28,800</u>
Basic earnings per share (Rs.)	<u>18.95</u>	<u>9.39</u>

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

Note 2015 2014

(Rs. in 000')

29. CASH GENERATED FROM OPERATIONS

Profit before taxation	793,958	365,728
Adjustments for		
Depreciation	152,451	70,079
Finance costs	4,559	157
(Reversal) / provision for impairment of trade debts	(1,060)	595
Liabilities no longer payable - written back	(62)	(2,616)
Gain on disposal of available-for-sale investment	-	(24,517)
Profit on term deposit receipts	(21,397)	(11,715)
Profit on deposit accounts	(11,150)	(15,694)
Loss / (gain) on disposal of property, plant and equipment	751	(3,965)
	124,092	12,324
	918,050	378,052
(Increase) / decrease in current assets		
Stores, spares and loose tools	(7,069)	18,833
Stock-in-trade	(378,272)	141,986
Trade debts	(316,746)	225,966
Advances, deposits, prepayments and other receivables	59,264	(43,723)
Sales tax refundable	-	(52,684)
	(642,823)	290,378
Increase / (decrease) in current liabilities		
Trade and other payables	76,343	(14,816)
Sales tax payable	4,228	-
	80,571	(14,816)
	355,798	653,614

30. CASH AND CASH EQUIVALENTS

Short term investments – term deposit receipts	13	390,000	510,000
Cash and bank balances	14	331,891	264,132
Short-term running finance	18	(111,609)	-
		610,282	774,132

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

31.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk in respect of bank deposits, term deposit receipts and investment in income based mutual funds. Management of the Group estimates that 1% increase in the market interest rate, with all other factor remaining constant, would increase the Group's profit after tax by Rs. 4.365 million(2014: Rs. 4.979 million) and a 1% decrease would result in the decrease in the Group's profit after tax by the same amount. However, in practice, the actual result may differ from the sensitivity analysis.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2015, the Group does not have any financial assets or financial liabilities which are denominated in foreign currencies.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

31.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

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

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

	2015	2014
	(Rs. in '000')	
Trade debts		
The analysis of trade debts is as follows:		
Neither past due nor impaired	429,237	218,643
Past due but not impaired – 30 to 90 days	129,346	27,325
	558,583	245,968
Bank balances		
Ratings		
A-1+	53,020	59,259
A1+	278,591	204,119
P1	215	714
	331,826	264,092
Short term investments		
Ratings		
A1+	390,000	510,000
	390,000	510,000

31.3 Liquidity risk

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

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

	2015			
	On demand	Less than 3 Months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	110,278	241,245	15,373	366,896
	2014			
	On demand	Less than 3 months	3 to 12 Months	Total
	(Rupees in '000)			
Trade and other payables	97,220	167,949	8,313	273,482

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the mutual fund units is determined by using the net asset value as disclosed by the Fund Manager at each balance sheet date. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

Fair value hierarchy

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

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

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

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

During the year ended 30 June 2014, the Group had available-for-sale investments measured at fair value using level 1 valuation technique.

33. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard the Group's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is currently financing majority of its operations through equity and working capital. The capital structure of the Group is equity based with no financing through long term borrowings.

34. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Group comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the year, other than disclosed elsewhere in the consolidated financial statements, are as follows:

	2015	2014
	(Rupees in '000)	
Purchase of goods	1,096	311
Contribution to the Provident Fund	6,374	5,159

The receivable/payable balances with related parties as at June 30, 2015 are disclosed in the respective notes to the consolidated financial statements.

35. REMUNERATION OF THE CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

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

	2015			2014		
	Chairman	Chief Executive	Executives	Chairman	Chief Executive	Executives
	(Rs. in '000)					
Managerial remuneration	7,353	13,125	52,799	15,477	10,134	42,500
Retirement benefits	-	521	2,455	-	449	1,748
Utilities	316	92	269	391	149	866
Medical expenses	100	54	717	140	61	727
	7,769	13,792	56,240	16,008	10,793	45,841
Number of persons	1	1	25	1	1	20

Notes to the Consolidated Financial Statements

For the year ended June 30, 2015

- 35.2** The Chairman, Chief Executive and certain Executives are also provided with free use of Group maintained vehicles in accordance with the Group's policy. The Chairman remuneration is only for the period he was acting as an executive.

36. PRODUCTION CAPACITY

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

37. UNUTILIZED CREDIT FACILITIES

As of the balance sheet date, the Group has unutilized facilities for short term running finance available from various banks amounted to Rs. 160 million (2014: Rs. 160 million). The rate of mark-up on these finances ranges from 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25% (2014: 1 to 3 months KIBOR plus rates varying from 0.75% to 1.25%). The facilities are secured by way of pari passu hypothecation of Group's stock-in-trade, stores, spares, loose tools and trade debts.

38. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 38.1** The Board of Directors in its meeting held on August 22, 2015 (i) approved the transfer of Rs.170 million from unappropriated profit to general reserve and (ii) proposed cash dividend of Rs.7.50 per share for the year ended June 30, 2015 amounting to Rs.216 million for approval of the members at the Annual General Meeting to be held on October 05, 2015.

- 38.2** The Finance Act, 2015 introduced a tax on every public company at the rate of 10% of such undistributed reserves which exceeds the amount of its paid up capital. However, this tax shall not apply in case of a public company which distribute cash dividend equal to at least either 40% of its after tax profits or 50% of its paid up capital, within the prescribed time after the end of the relevant tax year.

Based on the fact that the Board of Directors of the Holding Company has proposed 150% dividend for the financial and tax year 2015 which exceeds the prescribed minimum dividend requirement as a fore said. The Holding Company believes that it would not eventually be liable to pay tax on its undistributed reserves as of 30 June 2015.

39. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 253 (2014: 276) and the average number of persons employed during the year were 253(2014: 264).

40. INFORMATION ABOUT OPERATING SEGMENTS

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

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

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

41. GENERAL

Figures have been rounded off to the nearest thousands.

42. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on August 22, 2015 by the Board of Directors of the Holding Company.



Yutaka Arae
Chairman



Fahim Kapadia
Chief Executive

Pattern of Shareholding

As at June 30, 2015

Number of ShareHolders	Size of ShareHolders			Total ShareHeld
	From		To	
1,681	1	-	100	45,893
811	101	-	500	199,141
328	501	-	1,000	238,462
372	1,001	-	5,000	803,553
50	5,001	-	10,000	343,900
25	10,001	-	15,000	316,842
12	15,001	-	20,000	219,150
13	20,001	-	25,000	310,862
15	25,001	-	30,000	406,241
5	30,001	-	35,000	161,603
8	35,001	-	40,000	304,794
4	40,001	-	45,000	174,205
7	45,001	-	50,000	336,531
1	50,001	-	55,000	50,139
4	55,001	-	60,000	234,900
3	60,001	-	65,000	185,799
3	65,001	-	70,000	203,633
5	75,001	-	80,000	384,424
2	80,001	-	85,000	165,042
3	85,001	-	90,000	263,588
1	90,001	-	95,000	92,300
2	95,001	-	100,000	200,000
2	115,001	-	120,000	238,292
1	120,001	-	125,000	123,741
1	130,001	-	135,000	131,832
2	145,001	-	150,000	292,869
1	150,001	-	155,000	153,525
2	160,001	-	165,000	326,582
1	165,001	-	170,000	170,000
1	175,001	-	180,000	178,400
1	180,001	-	185,000	181,800
1	190,001	-	195,000	191,661
1	210,001	-	215,000	210,677
1	215,001	-	220,000	216,600
1	245,001	-	250,000	250,000
1	270,001	-	275,000	275,000
1	340,001	-	345,000	341,700
4	360,001	-	365,000	1,451,545
1	395,001	-	400,000	400,000
1	450,001	-	455,000	451,080
1	525,001	-	530,000	525,626
1	565,001	-	570,000	567,047
4	595,001	-	600,000	2,400,000
1	745,001	-	750,000	750,000
1	790,001	-	795,000	790,600
1	895,001	-	900,000	900,000
1	970,001	-	975,000	973,000
1	1,045,001	-	1,050,000	1,048,920
1	1,215,001	-	1,220,000	1,215,600
1	1,230,001	-	1,235,000	1,231,220
1	1,245,001	-	1,250,000	1,248,139
1	5,920,001	-	5,925,000	5,923,542
3,394				28,800,000

Pattern of Shareholding

As at June 30, 2015

No.	Categories of ShareHolders	Number of ShareHolds	Category wise No. of Folios/CDC A/Cs	Category wise shares held	%
1	INDIVIDUALS		3,301	8,278,175	28.74%
2	INVESTMENT COMPANIES		4	3,489	0.01%
3	JOINT STOCK COMPANIES		22	1,844,951	6.41%
4	DIRECTORS', CHIEF EXECUTIVE OFFICER AND THEIR SPOUSES & MINOR CHILDREN		7	8,909	0.03%
	Yutaka Arae	1,000			
	Fahim Kapadia	3,000			
	Sohail P.Ahmed	1,599			
	Owais ul Mustafa	1,310			
	Asfi Rizvi	1,000			
	Muhammad Ali Jamil	1,000			
		8,909			
5	EXECUTIVES	-	-	-	0.00%
6	ASSOCIATED COMPANIES Holding 5% or more voting interest		2	2,115,600	7.35%
	Thal Limited	2,115,600			
7	PUBLIC SECTOR COMPANIES & CORP.	-	-	-	0.00%
8	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & PENSION FUNDS		17	1,016,936	3.53%
	Banks, DFIs & NBFIs	681,266			
	Insurance Companies	83,093			
	Modaraba	30,320			
	Pension Funds	343,277			
		1,137,956			
9	MUTUAL FUNDS		7	2,745,980	9.53%
	UBL Retirement Saving Fund	170,000			
	UBL Stock Advantage Fund	790,600			
	Meezan Tahaffuz Pension Fund	45,000			
	Golden Arrow Selected	3,000			
	Al Meezan Mutual Fund	164,460			
	Meezan Islamic Fund	341,700			
	National Bank of Pakistan-Trustee Department	1,231,220			
		2,745,980			
10	FOREIGN INVESTORS		22	12,492,238	43.38%
	Holding 5% or more voting interest				
	Robert Finance Corporation, AG	7,171,681			
11	CO-OPERATIVE SOCIETIES		1	1,542	0.01%
12	CHARITABLE INSTITUTIONS		4	125,601	0.44%
13	OTHERS		7	166,579	0.58%
	TOTAL		3,394	28,800,000	100.00%

SHARE-HOLDERS HOLDING FIVE(5) PERCENT OR MORE VOTING INTEREST IN THE COMPANY

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO OF SHARES HELD	% AGE
Thal Limited	FALLS IN CATEGORY # 6	2,115,600	7.35%
Robert Finance Corporation, AG	FALLS IN CATEGORY # 10	7,171,681	24.90%

Form of Proxy

The Secretary
Agriauto Industries Limited
House of Habib, 5th floor
Shahrah-e-Faisal,
Karachi-75350

I/We _____

of _____ in the district of _____

being a member of Agriauto Industries Limited and holder of _____

_____ Ordinary shares as per Share Register Folio _____

(No. of Shares) _____

No. _____ and/or CDC Participant I.D. No. _____

And Sub. Account No. _____ hereby appoint _____

of _____ in the district of _____

or failing him _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on October 05, 2015 and at any adjournment thereof.

WITNESSES 1

Signature _____

Name _____

CNIC /Passport No. _____

Address _____

WITNESSES 2

Signature _____

Name _____

CNIC /Passport No. _____

Address _____

The signature should agree with
specimen registered with the
Company.

Signature on Rs. 5/-
revenue stamps

Note :

1. This proxy form duly completed and signed, must be received at the Registered Office of the Company or Share Registrar of the Company, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself /herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his original CNIC or original passport at the time of meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



Agriauto Industries Limited
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3 Jinnah Cooperative Housing Society,
Shahra-e-Faisal, Karachi-75350, Pakistan,
www.agriauto.com.pk
e-mail: info@agriauto.com.pk