



**QUARTERLY ACCOUNTS (Un-Audited)**  
**September 30, 2013**

**SAZGAR ENGINEERING WORKS LIMITED**



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# SAZGAR ENGINEERING WORKS LIMITED



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# **SAZGAR ENGINEERING WORKS LIMITED**

## **Vision**

*Dynamic, quality conscious and ever progressive.*

## **Mission**

- *To be market leader in providing safe, economical, durable, comfortable and environment friendly means of transportation of international quality at competitive prices*
- *To achieve market leadership in automotive wheel-rims of all types and sizes*
- *Grow through innovation of new products and*
- *Give higher return to the stakeholders.*

## **Corporate Strategy**

*Achieve optimal performance in production and sale; continuously add value added products at competitive prices by maintaining “quality” as core element; focus on customers’ satisfaction regarding sale, spares and services; explore new markets and enhance customers’ base; ensure right usage of company’s resources; create employment opportunities; protect the interest of stakeholders; and be a part of the country’s development.*



# **SAZGAR ENGINEERING WORKS LIMITED**

## **Company Information**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mrs. Saira Hameed  
Chairperson/Director

Mr. Mian Asad Hameed  
Chief Executive/Director

Mr. Saeed Iqbal Khan  
Director

Mr. Mian Muhammad Ali Hameed  
Director

#### **Non-Executive Directors**

Mr. Mian Zafar Hameed  
Director

Mrs. Sana Suleyman  
Director

Mrs. Amina Hamza Wazir  
Director

### **COMPANY SECRETARY**

Mr. Arshad Mahmood - FCA

### **REGISTERED OFFICE**

88-Ali Town, Thokar Niaz Baig,  
Raiwind Road, Lahore.  
E-mail: sazgar@brain.net.pk  
info@sazgarautos.com  
Website:www.sazgarautos.com

### **SHARE REGISTRAR**

Corp Tec Associates (Pvt.) Limited  
503-E, Johar Town Lahore.  
Ph# 042-35170336-37  
Fax#: 042-35170338

### **FACTORY**

18-KM, Raiwind Road, Lahore.

### **BOARD AUDIT COMMITTEE**

Mr. Mian Muhammad Ali Hameed  
Chairman

Mr. Mian Zafar Hameed  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

Mr. Mian Zafar Hameed  
Chairman

Mr. Saeed Iqbal Khan  
Member

Mrs. Sana Suleyman  
Member

Mr. Arshad Mahmood  
Secretary

### **AUDITORS**

Kabani and Company  
Chartered Accountants

### **BANKERS**

Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
The Bank of Punjab  
Summit Bank Limited  
NIB Bank  
Meezan Bank Limited

# SAZGAR ENGINEERING WORKS LIMITED

## DIRECTORS' REVIEW

The directors of your Company are pleased to present their review on the affairs of the Company for the 1<sup>st</sup> quarter ended September 30, 2013.

### Financial Results:

During this quarter, the Company's net sale has decreased by 1.08% from Rs. 440.44 M to Rs. 435.66 M, gross profit by 7.80% from Rs.45.57 M to Rs. 42.02 M and gross profit ratio from 10.35% to 9.64%. Whereas pretax profit has increased by 2.54% from Rs.16.63 M to Rs. 17.05 M and earnings per share from Rs. 0.47 to Rs. 0.61 as compared to the same corresponding period of last financial year.

The Company produced 3,176 units of Auto Rickshaws during this period whereas the production of Auto Rickshaws during the corresponding period of last year was 2,650 units.

In addition to above, the production of wheel rims was 6,532 during this period whereas the production of wheel rims during the corresponding period of last year was 16,645. The decrease in production is due to drastic reduction in orders from the tractor assemblers placed during the period under review. Al-Ghazi Tractors is facing lot of difficulties in production whereas Millat Tractors has reduced company's orders due to prices issue and inducted a new vendor for your company's parts at exceptionally low prices.

### Future Outlook:

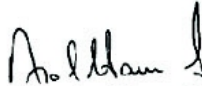
Government efforts to improve law and order situation has started effecting the business volumes in Karachi positively. The company's sale of auto rickshaw in this region has also improved. It is hoped that Government's efforts to improve law & order position in the country will continue with more enthusiasm which will help to restore the normal business conditions of the country in future period. Under the desired circumstances, it is expected that the sale volumes of your company will improve substantially.

Regarding wheel rims, your company is in negotiation with Millat Tractors to settle the prices issue and restoration of company's orders but it is feared that it may take long time and adversely affect on the company's business volume and profitability in the coming periods.

The directors would like to place on record their appreciation for the untiring efforts, teamwork and dedication shown by the company's employees during the period under review. They would also like to express their gratitude to the valued shareholders, customers, suppliers and financial institutions for their co-operation, constant support and trust on the Company.

For and on behalf of the Board

Lahore  
Dated: 28-10-2013

  
Mian Asad Hameed  
(Chief Executive)



**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2013**

		Unaudited September 30, 2013 Rupees	Audited June 30, 2013 Rupees (Restated)	Audited June 30, 2012 Rupees (Restated)
	Note			
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Authorized share capital				
50,000,000 (June 2013: 50,000,000, June 2012: 50,000,000)				
ordinary shares of Rupees 10 each		500,000,000	500,000,000	500,000,000
Issued, subscribed and paid up share capital	4	179,723,680	179,723,680	179,723,680
Revenue reserve - Un-appropriated Profit		388,810,725	377,922,599	335,751,310
		568,534,405	557,646,279	515,474,990
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Liabilities against assets subject to finance lease		5,068,518	6,512,635	6,132,763
Deferred Liabilities		85,483,525	83,057,525	67,496,802
<b>CURRENT LIABILITIES</b>				
Trade and other payables		304,212,674	300,974,821	323,163,158
Mark-up & Profit accrued on loans and other payables		387,726	523,237	1,437,379
Short term borrowings		19,178,153	16,776,763	35,830,932
Current portion of long term liabilities		4,802,766	5,017,469	4,654,851
Provision for Taxation		38,683,765	32,738,126	80,304,548
		367,265,084	356,030,415	445,390,868
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,026,351,531</b>	<b>1,003,246,855</b>	<b>1,034,495,423</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
**CHIEF EXECUTIVE**



**MIAN MUHAMMAD ALI HAMEED**  
**DIRECTOR**

**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2013**

		Unaudited September 30, 2013 RUPEES	Audited June 30, 2013 RUPEES (Restated)	Audited June 30, 2012 RUPEES (Restated)
	NOTE			
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Property, Plant and Equipment	7	260,282,342	251,499,116	240,705,730
Intangible Assets	8	576,031	606,229	501,874
<b>LONG TERM LOANS AND ADVANCE</b>		6,143,203	5,494,369	5,127,433
<b>LONG TERM DEPOSITS</b>		1,657,137	1,657,137	1,137,137
<b>CURRENT ASSETS</b>				
Stores, spares and loose tools		5,084,269	4,564,708	7,401,603
Stock-in-trade		465,853,534	388,505,301	540,547,955
Trade debts		135,178,963	133,661,024	129,278,444
Loans & Advances		16,802,592	12,597,263	6,493,753
Trade Deposits and short term prepayments		32,659,368	32,027,746	17,335,215
Other Receivables		54,224,447	45,090,475	76,982,666
Cash and bank balances		47,889,645	127,543,489	8,983,613
		757,692,818	743,990,005	787,023,249
<b>TOTAL ASSETS</b>		<b>1,026,351,531</b>	<b>1,003,246,855</b>	<b>1,034,495,423</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
**CHIEF EXECUTIVE**



**MIAN MUHAMMAD ALI HAMEED**  
**DIRECTOR**



**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Note	First Quarter Ended	
		September 30, 2013 Rupees	September 30, 2012 Rupees
SALES - Net	9	435,663,722	440,437,822
COST OF SALES		393,648,224	394,865,941
<b>GROSS PROFIT</b>		42,015,498	45,571,881
DISTRIBUTION COST		10,401,783	10,980,603
ADMINISTRATIVE EXPENSES		12,542,054	13,014,635
OTHER OPERATING EXPENSES		1,282,402	1,376,799
		24,226,239	25,372,037
		17,789,258	20,199,844
OTHER INCOME		494,610	340,333
<b>OPERATING PROFIT BEFORE FINANCE COST</b>		18,283,868	20,540,176
FINANCE COST		1,233,557	3,912,140
<b>PROFIT BEFORE TAXATION</b>		17,050,312	16,628,037
TAXATION	10	6,162,186	8,156,505
<b>PROFIT AFTER TAXATION</b>		10,888,126	8,471,531
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	11	0.61	0.47

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE



**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR

**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	First Quarter Ended	
	September 30, 2013 Rupees	September 30, 2012 Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	10,888,126	8,471,531
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>10,888,126</b>	<b>8,471,531</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



MIAN ASAD HAMEED  
CHIEF EXECUTIVE

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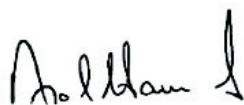
MIAN MUHAMMAD ALI HAMEED  
DIRECTOR



**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	First Quarter Ended	
	September 30, 2013 Rupees	September 30, 2012 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	17,050,312	16,628,037
<b>Adjustment for non cash charges and other items:</b>		
Depreciation	4,885,767	4,287,486
Amortization	55,198	41,242
Provision for gratuity	3,478,113	3,411,015
Financial and other charges	1,233,557	5,188,939
Other Income	494,810	(341,379)
	<b>10,147,245</b>	<b>12,587,304</b>
	<b>27,197,557</b>	<b>29,215,340</b>
<b>Working capital changes</b>		
<b>(Increase)/decrease in current assets</b>		
Store, spares and loose tools	(519,561)	(867,607)
Stock-in-trade	(77,348,232)	60,835,615
Trade debts	(1,517,939)	19,857,069
Loans & Advances	(4,205,329)	(4,436,593)
Trade Deposits and short term prepayments	(631,622)	8,726,309
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	2,719,805	(88,972,331)
Increase in Long term loans and advances	(648,834)	(183,125)
	<b>(82,151,714)</b>	<b>(5,040,664)</b>
<b>Cash (used in) / generated from operations</b>	<b>(54,954,158)</b>	<b>24,174,677</b>
Finance costs paid	(1,369,068)	(3,197,817)
Income tax paid/deducted at source	(9,133,972)	(7,977,447)
Employees retirement benefit-Gratuity paid	(1,268,660)	(515,510)
<b>Net cash (used in) / generated from operating activities</b>	<b>(66,725,858)</b>	<b>12,483,903</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, Plant and Equipment Purchased	(13,674,554)	(948,310)
Increase in long term deposits	-	(120,000)
Proceeds from sale of Property, Plant and Equipment	4,000	-
Security deposits with leasing companies	-	(723,150)
<b>Net cash used in investing activities</b>	<b>(13,670,554)</b>	<b>(1,791,460)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings	94,294,123	46,484,745
Repayment of short term borrowings	(91,892,737)	(50,744,565)
Repayment of finance lease	(1,658,820)	(1,361,589)
<b>Net cash generated / (used in) financing activities</b>	<b>742,566</b>	<b>(5,621,410)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(79,653,846)</b>	<b>5,071,033</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>127,543,489</b>	<b>8,983,613</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>47,889,645</b>	<b>14,054,646</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
**CHIEF EXECUTIVE**

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**MIAN MUHAMMAD ALI HAMEED**  
**DIRECTOR**

**SAZGAR ENGINEERING WORKS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Share Capital Rupees	Un-appropriated Profit Rupees	Total Rupees
<b>Balance as at June 30, 2012 (audited)</b>	179,723,680	336,842,280	516,565,960
Effect of change in accounting policy - Note No. 13		(1,090,970)	(1,090,970)
Balance as on July 01, 2012 (re-stated)	179,723,680	335,751,310	515,474,990
Final Dividend for the year ended June 30, 2012 @ Re.1.00 per share	-	(17,972,368)	(17,972,368)
Total Comprehensive Income for the Quarter ended September 30, 2012	-	8,471,531	8,471,531
<b>Balance as at September 30, 2012</b>	<b>179,723,680</b>	<b>326,250,473</b>	<b>505,974,153</b>
<b>Balance as at June 30, 2013 (audited)</b>	179,723,680	385,376,950	565,100,630
Effect of change in accounting policy - Note No. 13	-	(7,454,351)	(7,454,351)
Balance as on July 01, 2013 (re-stated)	179,723,680	377,922,599	557,646,279
Total Comprehensive Income for the Quarter ended September 30, 2013	-	10,888,126	10,888,126
<b>Balance as at September 30, 2013</b>	<b>179,723,680</b>	<b>388,810,725</b>	<b>568,534,405</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE

9



**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR



**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

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**1 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**

The Company was incorporated in Pakistan on September 21, 1991 as a Private Limited Company under the Companies Ordinance, 1984 and converted into a Public Limited Company on November 21, 1994. The Company is listed on all the Stock Exchanges of Pakistan. The Company is engaged in the manufacture and sale of automobiles, automotive parts and household electric appliances. The registered office of the company is situated at 88- Ali Town, Thokar Niaz Baig, Raiwind Road, Lahore.

**2 BASIS OF PREPARATION**

These condensed interim financial statements (un-audited) of the Company for the quarter ended September 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed and are being submitted to the shareholders as required by section 245 of the Companies Ordinance 1984.

**3 ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2013 except as detailed below.

The Company operates an unfunded gratuity scheme for all its permanent employees. The provision is made on the basis of actuarial valuation by using the projected unit credit method. During the period company has changed its accounting policy for calculating its obligation in respect of a plan as per adoption of changes in IAS -19 (Revised) 'Employees Benefits'. Effective from July 01, 2013 the actuarial gains / losses are recognized directly to equity through the Statement of Other Comprehensive income. Previously actuarial gains or losses arising from experience adjustment and changes in actuarial assumptions in excess of 10% of the present value of the defined benefit obligation recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized. The description and the impacts of the change in accounting policy have been detailed in note 13.

**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

**4 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

Sep. 30, 2013 Number	June 30, 2013 Number		Sep 30, 2013 Rupees	June 30, 2013 Rupees
7,163,000	7,163,000	ordinary shares of Rupees 10/- each fully paid up in cash	71,630,000	71,630,000
10,809,368	10,809,368	ordinary shares of Rupees 10/- each allotted as bonus shares	108,093,680	108,093,680
<b>17,972,368</b>	<b>17,972,368</b>		<b>179,723,680</b>	<b>179,723,680</b>

**5 CONTINGENCIES AND COMMITMENTS**

**5.1 Contingencies**

There is no significant change in contingencies from the preceding annual published statement of the company for the year ended June 30, 2013.

**5.2 Commitments**

Commitments in respect of:

		Sep 2013 Rupees	June 2013 Rupees	Sep 2013 Rupees	June 2013 Rupees
LIMIT Nos.	PARTICULARS	LIMITS AVAILABLE		LIMITS UTILIZED	
	Not Later Than one Year				
1	Foreign LC Sight / Inland LC- Gross	370,000,000	370,000,000	178,130,500	170,641,327
2	FATR -Sublimit of Limit No.1	88,000,000	88,000,000	19,178,153	16,776,763
3	Murabaha Sublimit of Limit no.2	40,000,000	40,000,000	-	29,196,874
4	Murabaha Sublimit of Limit no.1	40,000,000	40,000,000	8,949,001	7,594,883
5	Guarantee	8,040,000	8,040,000	-	-

**6 TRANSACTIONS WITH RELATED PARTIES**

Key management personnel's -  
Salaries and other employees benefits

Sep 30, 2013 Rupees	Sep 30, 2012 Rupees
<b>8,572,305</b>	<b>8,212,335</b>

**7 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets 7.1  
Capital work in progress  
Advance for assets subject to finance lease  
Advance for purchase of owned vehicle

Sep 30, 2013 Rupees	June 30, 2013 Rupees
<b>247,461,058</b>	235,207,254
<b>12,821,284</b>	12,773,212
-	1,886,500
-	1,632,150
<b>260,282,342</b>	<b>251,499,116</b>

**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

		Sep 30, 2013 Rupees	June 30, 2013 Rupees
<b>7.1 OPERATING FIXED ASSETS</b>			
Opening book value		235,207,254	222,703,925
Add: additions during the period			
- Building and Civil Works on Freehold Land		-	4,335,888
- Plant and machinery		10,279,160	9,227,766
- Electric fittings		-	45,500
- Furniture and fixture		-	41,000
- Office equipments		55,350	323,961
- Electric installations		-	1,115,703
- Vehicles		6,832,500	18,702,000
		17,167,010	33,791,818
Less:			
depreciation charged during the period		4,885,767	18,544,451
deletions during the period (WDV)		27,439	2,744,038
		4,913,206	21,288,489
Closing book value		<u>247,461,058</u>	<u>235,207,254</u>
<b>8 INTANGIBLE ASSETS</b>			
Opening book value		606,229	501,874
Add: additions during the period		25,000	291,533
		631,229	793,407
Less: amortization charged during the period		55,198	187,178
Closing book value		<u>576,031</u>	<u>606,229</u>
<b>9 SALES - NET</b>		Jul-Sep 2013 Rupees	Jul-Sep 2012 Rupees
Gross sales	9.1	524,669,537	518,971,452
Less:			
Sales tax		79,645,549	71,431,648
Sales returns		614,424	588,534
Commission		8,745,842	6,513,448
		89,005,815	78,533,630
		<u>435,663,722</u>	<u>440,437,822</u>

9.1 This includes Rs. Nil (September 30, 2012: Rs. 1.21 million) account of export sales.



**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

			Jul-Sep 2013 Rupees	Jul-Sep 2012 Rupees
<b>10</b>	<b>TAXATION</b>			
	Current			
	For the period	10.1	5,945,639	6,126,594
	Deferred			
	For the period		<u>216,547</u>	<u>2,029,911</u>
			<u>6,162,186</u>	<u>8,156,505</u>
10.1	The rate of tax has decreased from 35% to 34% during the period.			
<b>11</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>			
	Basic Earnings Per Share			
	Profit after taxation for the period	Rupees	10,888,126	8,471,531
	Weighted average number of ordinary shares outstanding during the period - Note 4		17,972,368	17,972,368
	Basic & diluted earnings per share - Rupees		0.61	0.47
			Jul-Sep 2013 Rupees	Jul-Sep 2012 Rupees
<b>12</b>	<b>SEGMENT RESULTS</b>			
	Segment Revenue - Net			
	Home Appliances		27,796	2,658,648
	Auto Parts		38,835,134	79,287,979
	Auto Rickshaw		396,800,792	358,491,195
	<b>Total</b>		<u>435,663,722</u>	<u>440,437,822</u>
	Segment Operating Results			
	Home Appliances		(196,434)	(175,973)
	Auto Parts		(2,959,766)	3,068,259
	Auto Rickshaw		22,227,861	18,584,356
	<b>Total</b>		<u>19,071,661</u>	<u>21,476,642</u>

**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

**13 CHANGE IN ACCOUNTING POLICY**

The company has adopted IAS-19 (Revised) 'Employee Benefits' which is effective for accounting period beginning on or after January 01, 2013. Consequent to the changes in IAS-19 'Employee Benefits' The company is required to recognize all actuarial gain and losses directly to equity through the Statement of Other Comprehensive Income as these occur. The change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follow:

	June 30, 2013			June 30, 2012		
	As previously Reported	Restatement	As re-Styled	As previously Reported	Restatement	As re-Styled
	Amount in Rupees			Amount in Rupees		
Effect on Balance Sheet						
Employees Benefits	48,446,159	7,454,351	55,900,510	43,259,188	1,090,970	44,350,158
Un-Appropriate Profits	385,376,950	(7,454,351)	377,922,599	336,842,280	(1,090,970)	335,751,310

**14 CORRESPONDING FIGURES**

Corresponding figures are re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in these condensed interim financial statements except for re-statements required in terms of application of change in accounting policy as referred to in note 13.


<b>15 NUMBER OF EMPLOYEES</b>	<b>Jul-Sep 2013</b>	<b>Jul-June 2013</b>
Average number of employees	588	640
Number of employees at end of the period	586	588

**16 DATE OF AUTHORIZATION FOR ISSUE**

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 28, 2013.

**17 GENERAL**

The figures have been rounded off to the nearest Rupee.



**MIAN ASAD HAMEED**  
CHIEF EXECUTIVE



**MIAN MUHAMMAD ALI HAMEED**  
DIRECTOR



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