

# SAZGAR ENGINEERING WORKS LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014

### 1 LEGAL STATUS AND OPERATIONS

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 first quarter ended September 30, 2014 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.

These condensed interim financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2014.

### 3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2014.

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

SEP 30, 2014 Number	June 30, 2014 Number		SEP 30, 2014 Rupees	June 30, 2014 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
<u>17,972,368</u>	<u>17,972,368</u>		<u>179,723,680</u>	<u>179,723,680</u>

### 5 CONTINGENCIES AND COMMITMENTS

#### 5.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statement of the company for the year ended June 30, 2014.

#### 5.2 Commitments

Commitments in respect of:

		SEP 2014 Rupees	JUNE 2014 Rupees	SEP 2014 Rupees	JUNE 2014 Rupees
1	Foreign LC Sight / Inland LC-Gross	370,000,000	370,000,000	163,620,305	95,155,552
2	FATR- Sublimit of limit No. 1	88,000,000	88,000,000	9,145,497	3,857,920
3	Murabaha Sublimit of limit no-2	40,000,000	40,000,000	31,724,018	13,383,884
4	Murabaha Sublimit of limit no-1	40,000,000	40,000,000	5,885,958	-
5	Guarantee	8,040,000	8,040,000	-	-

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	Note	SEP 30, 2014 Rupees	June 30, 2014 Rupees
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	6.1 248,469,687	250,089,438
	Capital work in progress	8,615,185	8,732,969
	Advance for assets subject to finance lease	1,059,000	-
		<u>258,143,872</u>	<u>258,822,407</u>
<b>6.1</b>	<b>OPERATING FIXED ASSETS- Tangible</b>		
	Opening book value	250,089,438	235,207,254
	<b>Add:</b>		
	<b>Additions during the period (at cost)</b>		
	- Building and Civil Works on Freehold Land	-	2,035,956
	- Plant and machinery	1,904,146	19,931,660
	- Furniture and fixture	-	26,600
	- Office equipments	-	168,683
	- Electric installations	-	203,948
	- Vehicles	1,549,000	14,502,554
		<u>3,453,146</u>	<u>36,869,401</u>
	<b>Less:</b>		
	<b>Disposal during the period (at net book value)</b>		
	- Electric installations	-	27,439
	- Vehicles	133,276	1,136,988
	<b>Depreciation charged during the period</b>	<u>4,939,621</u>	<u>20,822,789</u>
		5,072,897	21,987,216
	<b>Closing book value</b>	<u>248,469,687</u>	<u>250,089,438</u>
<b>7</b>	<b>INTANGIBLE ASSETS</b>		
	Opening book value	448,976	606,229
	Add: additions during the period	-	65,500
		<u>448,976</u>	<u>671,729</u>
	Less: amortization charged during the period	57,203	222,753
	<b>Closing book value</b>	<u>391,773</u>	<u>448,976</u>
<b>8</b>	<b>SALES- NET</b>		
	Gross sales	638,415,617	524,669,537
	Less: Sales tax	96,309,979	79,645,549
	Sales returns	1,150,961	614,424
	Commission	6,942,717	8,745,842
		<u>104,403,657</u>	<u>89,005,815</u>
		<u>534,011,960</u>	<u>435,663,722</u>

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	Note	SEP 30, 2014 Rupees	SEP 30, 2013 Rupees
<b>9 COST OF SALES</b>			
Raw materials and components consumed		418,600,194	374,586,373
Salaries, wages and other benefits		42,915,229	34,527,233
Stores, spares and loose tools consumed		5,660,652	6,892,730
Power and fuel charges		11,355,105	12,411,433
Repair and maintenance		8,533,326	5,783,497
Other expenses		1,184,199	1,322,465
Depreciation & Amortization		3,411,635	3,424,402
		<u>491,660,340</u>	<u>438,948,133</u>
Opening work-in-process		16,685,065	7,897,939
Closing work-in-process		<u>(11,231,830)</u>	<u>(15,465,902)</u>
Cost of goods manufactured		497,113,575	431,380,170
Opening finished goods		134,163,414	91,927,686
Closing finished goods		<u>(147,579,633)</u>	<u>(129,659,632)</u>
		<u>483,697,356</u>	<u>393,648,224</u>
<b>10 TAXATION</b>			
<b>Current</b>			
For the period	10.1	6,630,234	5,945,639
<b>Deferred</b>			
For the period		<u>(227,707)</u>	216,547
		<u>6,402,527</u>	<u>6,162,186</u>
<b>10.1</b>	The rate of tax has decreased from 34% to 33% during the period.		
<b>11 EARNINGS PER SHARE- BASIC AND DILUTED</b>			
<b>Basic Earnings Per Share</b>			
Profit after taxation for the period	Rupees	<u>13,329,785</u>	<u>10,888,126</u>
Weighted average number of ordinary shares outstanding during the period - Note 4	Number	<u>17,972,368</u>	17,972,368
Basic earnings per share	Rupees	<u>0.74</u>	0.61
<b>11.1 Diluted earnings per share</b>			
A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at September 30, 2014 and September 30, 2013, which would have any effect on earning per share if the option to convert is exercised.			
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>			
Remuneration, Allowances and benefits paid to Chief Executive and Executive Director(s)		<u>3,955,000</u>	<u>3,600,000</u>
<b>13 SEGMENT RESULTS</b>			
<b>Segment Revenue - Net</b>			
Home appliances		244,961	27,796
Auto parts		89,839,289	38,835,134
Auto rickshaw		443,927,710	396,800,792
<b>Total</b>		<u>534,011,960</u>	<u>435,663,722</u>
<b>Segment operating results</b>			
Home appliances		(92,156)	(196,434)
Auto parts		(1,406,218)	(2,959,766)
Auto rickshaw		24,147,449	22,227,861
<b>Total</b>		<u>22,649,075</u>	<u>19,071,661</u>

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**14 DATE OF AUTHORIZATION FOR ISSUE**

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 23, 2014.

**15 GENERAL**

The figures have been rounded off to the nearest Rupee.

  
MIAN ASAD HAMEED  
CHIEF EXECUTIVE

  
SAEED IQBAL KHAN  
DIRECTOR