

SAZGAR ENGINEERING WORKS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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 half year ended December 31, 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.

These condensed interim financial statements have been reviewed by auditors, not audited.

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

Dec 31, 2014 Number	June 30, 2014 Number		Unaudited Dec 31, 2014 Rupees	Audited 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.

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5.2 Commitments

Commitments in respect of:

	Unaudited		Audited			
	DEC 2014	JUNE 2014	DEC 2014	JUNE 2014		
	Rupees	Rupees	Rupees	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	197,940,505	95,155,552		
2	FATR -Sublimit of Limit No.1					
	88,000,000	88,000,000	39,426,337	3,857,920		
3	Murabaha Sublimit of Limit no.2					
	40,000,000	40,000,000	12,638,518	13,383,884		
4	Murabaha Sublimit of Limit no.1					
	40,000,000	40,000,000	29,158,717	-		
5	Guarantee					
	8,040,000	8,040,000	-	-		

	Note	Unaudited	Audited
		Dec 31, 2014	June 30, 2014
		Rupees	Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	245,749,639	250,089,438
Capital work in progress		8,615,185	8,732,969
		254,364,824	258,822,407
6.1 OPERATING FIXED ASSETS - Tangible			
Opening book value		250,089,438	235,207,254
Add:			
Additions during the period (at cost)			
- Building and Civil Works on Freehold Land		-	2,035,956
- Plant and machinery		2,129,146	19,931,660
- Furniture and fittings		-	26,600
- Office equipments		-	168,683
- Electric installations		-	203,948
- Vehicles		3,647,000	14,502,554
		5,776,146	36,869,401
Less:			
Disposal during the period (at net book value)			
- Electric installations		-	27,439
- Vehicles		133,284	1,136,988
Depreciation charged during the period		9,982,662	20,822,789
		10,115,946	21,987,216
Closing book value		245,749,639	250,089,438

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	Note	Unaudited		Audited	
		Dec 31, 2014 Rupees	June 30, 2014 Rupees	Dec 31, 2014 Rupees	June 30, 2014 Rupees
7 INTANGIBLE ASSETS					
Opening book value		448,976	606,229		
Add: additions during the period		-	65,500		
		448,976	671,729		
Less: amortization charged during the period		114,405	222,753		
Closing book value		334,571	448,976		
8 SALES - NET		Oct-Dec 2014 Rupees	Oct-Dec 2013 Rupees	Jul-Dec 2014 Rupees	Jul-Dec 2013 Rupees
Gross sales		704,897,410	639,148,118	1,343,313,027	1,163,817,655
Less: Sales tax		105,694,791	93,886,928	202,004,770	173,532,477
Sales returns		1,722,174	5,809,076	2,873,135	6,423,500
Commission		7,036,636	11,001,759	13,979,353	19,747,601
		114,453,601	110,697,763	218,857,258	199,703,578
		590,443,809	528,450,355	1,124,455,769	964,114,077
9 COST OF SALES					
Raw materials and components consumed		459,355,334	437,833,275	877,955,521	812,419,647
Salaries, wages and other benefits		49,294,243	35,675,940	92,209,472	70,203,173
Stores, spares and loose tools consumed		6,160,717	7,410,508	11,821,369	14,303,238
Power and fuel charges		11,613,786	13,678,767	22,968,891	26,090,200
Repair and maintenance		13,784,295	8,423,715	22,317,621	14,207,212
Other expenses		1,955,577	1,667,814	3,139,776	2,990,279
Depreciation & Amortization		3,463,108	3,501,777	6,874,743	6,926,179
		545,627,060	508,191,796	1,037,287,393	947,139,929
Opening work-in-process		11,231,830	15,465,902	16,685,065	7,897,939
Closing work-in-process		(12,839,280)	(15,203,700)	(12,839,280)	(15,203,700)
Cost of goods manufactured		544,019,610	508,453,998	1,041,133,178	939,834,168
Opening finished goods		147,579,633	129,659,632	134,163,421	91,927,686
Cost of finished goods purchased during the period		8,455,181	-	8,455,181	-
Closing finished goods		(167,264,021)	(163,904,644)	(167,264,021)	(163,904,644)
		532,790,403	474,208,985	1,016,487,759	867,857,210
10 TAXATION					
Current					
For the period	10.1	7,327,751	6,996,902	13,957,984	12,942,541
Prior Year		(6,530,221)	(136,730)	(6,530,221)	(136,730)
Deferred					
For the period		(236,009)	(1,473,100)	(463,716)	(1,256,553)
		561,521	5,387,072	6,964,047	11,549,258

10.1 The rate of tax has decreased from 34% to 33% during the period.

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	Oct-Dec 2014 Rupees	Oct-Dec 2013 Rupees	Jul-Dec 2014 Rupees	Jul-Dec 2013 Rupees
11 EARNINGS PER SHARE - BASIC AND DILUTED				
Basic Earnings Per Share				
Profit after taxation for the period - Rupees	27,099,189	16,068,180	40,428,973	26,956,306
Weighted average number of ordinary shares outstanding during the period - Note 4	17,972,368	17,972,368	17,972,368	17,972,368
Basic & diluted earnings per share - Rupees	1.51	0.89	2.25	1.50

12 TRANSACTIONS WITH RELATED PARTIES

Remuneration, Allowances and benefits paid to Chief Executive and Executive Director(s)	7,345,000	7,200,000
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13 SEGMENT RESULTS

	Oct-Dec 2014 Rupees	Oct-Dec 2013 Rupees	July-Dec 2014 Rupees	July-Dec 2013 Rupees
Segment Revenue				
Home appliances	8,360,798	217,228	8,605,759	245,024
Auto parts	139,971,749	101,315,722	229,811,038	140,150,856
Auto rickshaw	442,111,262	426,917,405	886,038,972	823,718,197
Total	590,443,809	528,450,355	1,124,455,769	964,114,077
Segment operating results				
Home appliances	269,391	(108,433)	177,235	(304,867)
Auto parts	3,990,462	3,355,523	2,584,244	395,757
Auto rickshaw	27,173,457	21,000,441	51,320,906	43,228,302
Total	31,433,310	24,247,534	54,082,384	43,319,195

14 SUBSEQUENT EVENTS

The Board of Directors in their meeting held on February 18, 2015 has declared interim cash dividend of Rupee 1.00 per ordinary share i.e., 10% (December 31,2013: 10%) of current paid up share capital. These condensed interim financial statements do not include the effect of this interim cash dividend which will be accounted for in the period in which it is declared.

15 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized these condensed interim financial statements for issue on February 18, 2015.

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16 GENERAL

The figures have been rounded off to the nearest Rupee.


MIAN ASAD HAMEED
CHIEF EXECUTIVE

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SAEED IQBAL KHAN
DIRECTOR