

**SAZGAR ENGINEERING WORKS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015**

**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, 2015 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 are followed. These condensed interim financial statements (un-audited) 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, 2015.

**3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year ended June 30, 2015.

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

Sep 30, 2015 Number	June 30, 2015 Number		Sep 30, 2015 Rupees	June 30, 2015 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, 2015. Except as follows;

During the period, Deputy Director (Admin) of the Punjab Employees Social Security Institution has created a demand of Rs. 6,574,682/- on account of social security contribution including increase thereon under section 23(1) of the Social Security Ordinance, 1965. The Company has filed an appeal with Commissioner Appeals against this order, which is still pending. In the opinion of legal advisor, favorable outcome of the appeal is expected; hence no provision is made in these financial statements of said amount.

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**5.2 Commitments**

Commitments in respect of:

LIMIT Nos.	PARTICULARS	LIMITS AVAILABLE		LIMITS UTILIZED	
		SEP 2015 Rupees	JUNE 2015 Rupees	SEP 2015 Rupees	JUNE 2015 Rupees
	Not Later Than one Year				
1	Foreign LC Sight / Inland LC- Gross	390,000,000	390,000,000	123,676,605	124,727,908
2	FATR -Sublimit of Limit No.1	88,000,000	88,000,000	-	16,248,282
3	Murabaha Sublimit of Limit no.2	40,000,000	40,000,000	8,403,040	22,587,743
4	Murabaha Sublimit of Limit no.1	40,000,000	40,000,000	6,528,007	16,681,711
5	Murabaha-FIM Spot Sublimit of Limit no.1	40,000,000	40,000,000	-	-
6	Guarantee	8,040,000	8,040,000	-	-

6	PROPERTY, PLANT AND EQUIPMENT	Note	Sep 30,	June 30,
			2015 Rupees	2015 Rupees
	Operating fixed assets	6.1	240,177,376	241,477,525
	Capital work in progress		9,118,686	9,118,686
	Advance for purchase of vehicles		4,016,000	-
			<b>253,312,062</b>	<b>250,596,211</b>
<b>6.1</b>	<b>OPERATING FIXED ASSETS - Tangible</b>			
	Opening book value		241,477,525	250,089,438
	<b>Add:</b>			
	<b>Additions during the period (at cost)</b>			
	- Plant and machinery		-	5,708,905
	- Electric fittings		-	43,695
	- Office equipments		-	47,619
	- Electric installations		-	59,900
	- Vehicles		4,403,000	5,974,131
			<b>4,403,000</b>	<b>11,834,250</b>
	<b>Less:</b>			
	<b>Disposal during the period (at net book value)</b>			
	- Vehicles		1,020,775	133,284
			<b>4,682,374</b>	<b>20,312,880</b>
	<b>Depreciation charged during the period</b>		<b>5,703,149</b>	<b>20,446,164</b>
	<b>Closing book value</b>		<b>240,177,376</b>	<b>241,477,525</b>
<b>7</b>	<b>INTANGIBLE ASSETS</b>			
	Opening book value		232,767	448,976
	Add: additions during the period		-	13,500
			<b>232,767</b>	<b>462,476</b>
	Less: amortization charged during the period		25,282	229,709
	<b>Closing book value</b>		<b>207,485</b>	<b>232,767</b>

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8 SALES - NET	Note	July-Sep 2015 Rupees	July-Sep 2014 Rupees
Gross sales		655,645,690	638,415,617
Less: Sales tax		95,318,588	96,309,979
Sales returns		1,709,774	1,150,961
Commission		9,818,132	6,942,717
		<u>106,846,494</u>	<u>104,403,657</u>
		<u>548,799,196</u>	<u>534,011,960</u>
<b>9 COST OF SALES</b>			
Raw materials and components consumed		472,286,542	418,600,194
Salaries, wages and other benefits		49,227,038	42,915,229
Stores, spares and loose tools consumed		5,562,650	5,660,652
Power and fuel charges		11,495,165	11,355,105
Repair and maintenance		12,980,908	8,533,326
Provision for slow moving items		1,512,431	-
Other expenses		1,701,549	1,184,199
Depreciation & Amortization		3,177,896	3,411,635
		<u>557,944,179</u>	<u>491,660,340</u>
Opening work-in-process		16,984,905	16,685,065
Closing work-in-process		<u>(18,180,879)</u>	<u>(11,231,830)</u>
Cost of goods manufactured		<u>556,748,205</u>	<u>497,113,575</u>
Opening finished goods		97,592,914	134,163,414
Closing finished goods		<u>(157,432,269)</u>	<u>(147,579,633)</u>
		<u>496,908,850</u>	<u>483,697,356</u>
<b>10 TAXATION</b>			
<b>Current</b>			
For the period	10.1	7,618,562	6,630,234
<b>Deferred</b>			
For the period		<u>(577,613)</u>	<u>(227,707)</u>
		<u>7,040,949</u>	<u>6,402,527</u>
<b>10.1</b>	The rate of tax has decreased from 33% to 32% 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		13,460,674	13,329,785
Weighted average number of ordinary shares outstanding during the period - Note 4		17,972,368	17,972,368
Basic earnings per share - Rupees		0.75	0.74
<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, 2015 and September 30, 2014, 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>3,955,000</u>

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	July-Sep 2015 Rupees	July-Sep 2014 Rupees
<b>13 SEGMENT RESULTS</b>		
<b>Segment Revenue - Net</b>		
Home appliances	66,356	244,961
Auto parts	84,893,417	89,839,289
Auto rickshaw	463,839,423	443,927,710
<b>Total</b>	<b>548,799,196</b>	<b>534,011,960</b>
<b>Segment operating results</b>		
Home appliances	(43,872)	(92,156)
Auto parts	(1,114,636)	(1,406,218)
Auto rickshaw	23,502,223	24,147,449
<b>Total</b>	<b>22,343,715</b>	<b>22,649,075</b>

**14 DATE OF AUTHORIZATION FOR ISSUE**  
The Board of Directors of the Company has authorized these condensed interim financial statements for issue on October 26, 2015.

**15 GENERAL**  
The figures have been rounded off to the nearest Rupee.

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

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