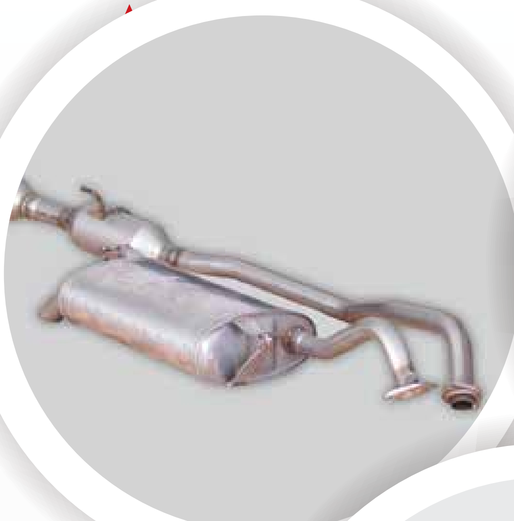
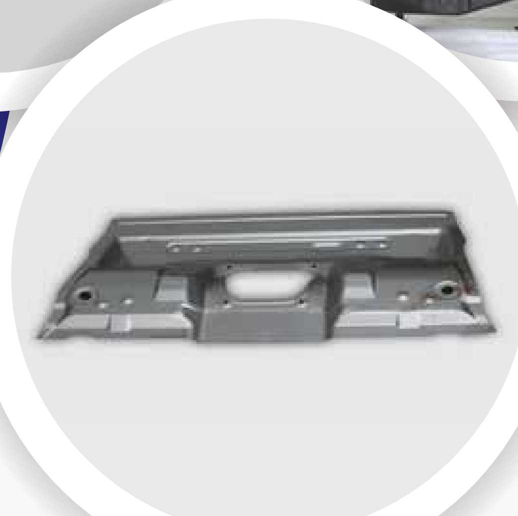
Loads Limited

ANNUAL REPORT 2017





Manufacturers of
Exhaust Systems, Radiators &
Sheet Metal Components

Contents

Vision Statement

"Seek innovation in quality, productivity & technology to ensure sustainable growth of the group and all the stakeholders."

Mission Statement

"Satisfy customers with timely supplies of products confirming to quality standards at competitive prices."

Company Information

Board of Directors

Syed Shahid Ali	– Chairman*
Mr. Saulat Said	– Vice Chairman*
Mr. Munir K. Bana	– Chief Executive
Mr. Najam I. Chaudhri	– Independent Director
Syed Sheharyar Ali	– Non-Executive Director
Mr. Amir Zia	– Non-Executive Director
Mr. M. Ziauddin	– Executive Director
Mr. Shamim A. Siddiqui	– Executive Director

* Chairman and Vice Chairman are Non-Executive Directors

Audit Committee

Mr. Najam I. Chaudhri	– Chairman
Mr. Saulat Said	– Member
Syed Sheharyar Ali	– Member
Mr. Amir Zia	– Member

Human Resources & Remuneration Committee

Syed Sheharyar Ali	– Chairman
Mr. Saulat Said	– Member
Mr. Amir Zia	– Member
Mr. M. Ziauddin	– Member
Mr. Shamim A. Siddiqui	– Member

Chief Financial Officer
Mr. Shamim A. Siddiqui

Company Secretary
Mr. Babar Saleem

Head of Internal Audit
Mr. Khawaja M. Akber

Auditors
KPMG Taseer Hadi & Co., Chartered Accountants

Legal Advisors
Altaf K. Allana & Co., Advocates

Corporate Advisors
Cornelius, Lane & Mufti, Advocates & Solicitors

Symbol
Loads

Exchange
Pakistan Stock Exchange

Bankers
Al Baraka Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Soneri Bank Limited
United Bank Limited

Subsidiaries
- Specialized Autoparts Industries (Private) Limited
- Multiple Autoparts Industries (Private) Limited
- Specialized Motorcycles (Private) Limited
- Hi–Tech Autoparts (Private) Limited

Registered Office
Plot No. 23, Sector 19
Korangi Industrial Area, Karachi
Tel: +92-21-35065001-5
+92-302-8674683-9
Fax: +92-21-35057453-54
E-mail: inquiry@loads-group.pk

Shares Registrar
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Shahra-e-Faisal, Karachi

Tel: Customer Support Services: 0800-23275
Fax: +92-21-34326053
E-mail: info@cdcpak.com

Registration with Authorities

Company Registration Number	0006620
National Tax Number	0944311-8
Sales Tax Number	0205870801264

Website
www.loads-group.pk

Loads Limited

Key Operating Financial Data

Description	2017	2016	2015	2014	2013	2012
			(Rs. in 000)			
Sales	4,405,126	4,035,658	3,332,572	2,352,365	2,462,128	2,071,295
Gross Profit	547,582	567,795	494,489	308,406	328,758	328,826
Profit before Taxation	377,731	260,326	322,403	177,246	203,447	212,186
Profit after Taxation	306,427	180,714	211,053	134,908	102,014	166,368
Shareholders' Equity	3,402,578	1,618,362	1,439,281	1,229,370	1,098,929	1,001,028
Fixed Assets	1,450,807	1,006,294	828,212	614,309	571,371	583,241
Total Assets	3,854,619	2,983,407	2,695,757	1,855,427	1,753,279	1,478,073
Total Liabilities	452,041	1,365,044	1,256,475	626,056	654,349	477,044
Current Assets	2,403,812	1,977,112	1,867,544	1,241,117	1,181,908	894,831
Current Liabilities	357,229	1,270,583	1,153,823	573,566	600,331	469,524
Cash Dividend	10%	10%	0%	0%	0%	0%
Stock Dividend	10%	10%	1150%	0%	0%	0%
Issued, Subscribed & Paid up Capital	137,500	75,000	75,000	6,000	6,000	6,000
Important Ratios						
Profitability						
Gross Profit	12%	14%	15%	13%	13%	16%
Profit before Tax	9%	6%	10%	8%	8%	10%
Profit after Tax	7%	4%	6%	6%	4%	8%
Return on Equity						
Return on Equity before Tax	11%	16%	22%	14%	19%	21%
Return on Equity after Tax	9%	11%	15%	11%	9%	17%
Earning per Share	2.54	2.19	2.81	22.70	17	27.73
Liquidity/Leverage						
Current Ratio	6.73	1.56	1.62	2.16	1.97	1.91
Break-up Value per Share	24.75	21.58	19.19	204.90	183.15	166.84
Total Liabilities to Equity	0.13	0.84	0.87	0.51	0.60	0.48
% Change						
Sales	9%	21%	42%	-4%	19%	21%
Gross Profit	-4%	15%	60%	-6%	0%	-8%
Profit before Taxation	45%	-19%	82%	-13%	-4%	-10%
Profit after Taxation	70%	-14%	56%	32%	-39%	-18%
Shareholders' Equity	110%	12%	17%	12%	10%	22%
Fixed Assets	44%	22%	35%	8%	-2%	5%
Total Assets	29%	11%	45%	6%	19%	25%
Total Liabilities	-67%	9%	101%	-4%	37%	31%
Current Assets	22%	6%	50%	5%	32%	41%
Current Liabilities	-72%	10%	101%	-4%	28%	32%

Price/Earning Ratio

		2017	2016	2015	2014	2013	2012
A	Market value per share (as at 30th June)	41.47	21.58	19.19	204.90	183.15	166.84
B	Earning per Share	2.54	2.19	2.81	22.70	17.00	27.73
	P/E Ratio (A/B)	16.33	*9.85	*6.83	*9.03	*10.77	*6.02

*P/E Ratio is calculated on break up value, in the absence of market value of shares for prior years.

Code of Conduct

Employees

- We treat all the employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform their jobs in a safe and legal manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on Loads Limited's properties.
- Employees should report suspicious people and activities to Human Resources Department.
- No one should ask or expect any employee to break the law, or go against Loads Limited's policies and values.

Business Partners

- Avoid conflict of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment, if it appears to obligate the person who receives it.
- Use and supply only safe and reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt the competition.
- Do not have formal or informal discussions with our competitors on prices, markets, products, production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest, fair and ethical manner.
- Do not compromise our values to make profit.

Business Resources

- Do not use inside information about Loads Limited for personal profit. Do not give such information to others.
- Do not use Loads Limited's resources for personal gain or benefit.
- Protect confidential and proprietary information.
- Do not use Loads Limited's resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries in Loads Group's books or records.

Communities

- Follow all laws, regulations and Loads Limited's policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are transparent in our environmental responsibilities.
- When Loads Limited standards are higher than what is required by local law, we meet the higher standards.

Role of Chairman

The Chairman of the Board, Syed Shahid Ali, is a non-executive director. The Chairman is responsible for leadership and effective performance of the Board and for maintenance of relationships between directors that are open, cordial, and conducive to productive corporation. Duties of the Chairman are:

- To lead and oversee the Board of Directors.
- To facilitate an open flow of information between management and the Board, thus to involve the Board in the process of effective decision making for the Company.
- To lead a critical evaluation of Company's management, practices and adherence to the Company's strategic plan and objectives.
- In accordance with Company law and as and when required, chair the meetings of the Board and meetings of the shareholders in accordance with their terms of reference.
- To establish, in consultation with the Company Secretary and the Chief Executive, an agenda for each meeting of the Board.
- To seek compliance of the management to implement the decisions of the Board.
- To work closely with the Chief Executive and provide support and guidance for the management on major issues.
- To promote the highest standards of corporate governance.
- To ensure that the Company has an effective and clear communication with its shareholders.
- To ensure that new directors receive appropriate induction into the Company.

Role of Chief Executive

The Chief Executive has executive responsibility over the business directions set by the Board. The Chief Executive is accountable to the Board for the conduct and performance of the Company. Responsibilities of the Chief Executive are:

- To align the entire Company to the Vision, Mission and Strategy evolved by the Board, such that everyone will focus his efforts towards the success of the Company.
- To build a corporate culture and be a role model for the entire organisation.
- To set performance standards for the Company and promote those standards with confidence.
- To manage the day-to-day operations of the Company's business, strategic planning, budgeting, financial reporting and risk management.
- To build good relationship between and among the employees of the Company, the government, the supply chain associates, the dealers and other stakeholders of the Company.
- To provide strategic leadership to the organisation to ensure its future growth through unexpected as well as foreseen threats, opportunities and to keep the Company in focus with competition, markets, products and growth technology.
- To set standards required to maintain a competitive advantage in the industry and implement these standards into the output of the Company.
- To build a talented team (hire talent and fire non-performers) and to lead the team to working together in a common direction thus steering the Company to its strategy and vision through direction and effective communication.
- To set budgets, to fund projects which support the strategy and ramp down projects which lose money. To manage the Company's capital judiciously and carefully control the Company's expenditures.
- To provide leadership and develop policies and procedures of the Company and ensure compliance of these procedures and policies.
- To develop human resource of the Company, the Company's staffing needs of the future, training, compensation packages and to create a corporate culture of high standards and good value.
- To build effective PR for the Company.

PROFILES OF DIRECTORS

Syed Shahid Ali – Chairman

Syed Shahid Ali has a Master's degree in Economics from University of Punjab, a Graduate Diploma in Development Economics from Oxford University and a Graduate Diploma in Management Sciences from University of Manchester. He has been Chairman of Loads Limited since 2005 and is currently CEO of Treet Group of companies. He is also Director on the Boards of various public companies including Packages Limited, IGI Insurance Limited, Ali Automobiles Limited etc. He has been actively involved in social & cultural activities and is Chairman of the Governing Boards of several hospitals and philanthropic organizations including Gulab Devi Hospital and Liaquat National Hospital.

Mr. Saulat Said – Vice Chairman

Mr. Saulat Said has a Master's degree in Science from Punjab University. Earlier he worked for over 3 decades with Packages Limited in senior management positions where he retired as General Manager of the Company. He was CEO of IGI Insurance Limited before joining Loads Limited as Director in the year 2007. Currently, he is also a Board Member of Treet Corporation Limited.

Mr. Munir K. Bana – Chief Executive & Director

Munir K. Bana qualified as a Chartered Accountant from A.F. Ferguson & Co. in 1972 and is a fellow member of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited since 1996, initially serving as Director Finance and later elected as Chief Executive of the Company. Previously, he served on the Boards of various multi-national companies including Parke-Davis & Boots as Finance Director for 18 years. He also served over 10 years as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public-private partnership. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") for the year 2012-13. Currently, he is also a Board member in all the Treet group of Companies as well as Pakistan Steel Mill.

Syed Sheharyar Ali – Director

After completing his BBA from Saint Louis University in 2001, Syed Shaharyar Ali started his career with Packages Limited. Currently, he holds the position of Executive Director in Packaging Solutions, a project of Treet Group. His portfolios also include member governing body Liaquat National Hospital, Karachi, President Punjab Netball Federation, Vice President Punjab Cycling Association, Director GET Motor Cycle Project, Vice President All Pakistan Music Council, Director Gulab Devi Hospital and Director Cutting Edge (Private) Limited.

Mr. Muhammad Ziauddin – Executive Director

Mr. M. Ziauddin is a graduate engineer from Peshawar University and obtained diploma in Air-conditioning from Syracuse University, USA. He has long experience in automobile and air-conditioning industries. Commencing his career with Ali Automobile Ltd, he served as Managing Director of OTS Elevator Co (USA) in Saudi Arabia for 14 years. Mr. Ziauddin has been on the Board of Loads since inception of the Company.

Mr. Najam I. Chaudhri – Independent Director

Najam I. Chaudhri has 39 years of professional experience in the Accounting profession. His career commenced with A. F. Ferguson & Co. (A member firm of PriceWaterHouseCoopers), a leading Chartered Accountancy firm from where he retired in June 2007 as Senior Partner. He is a fellow member of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Pakistan.

Najam has worked in various senior positions and is a very well respected professional. He has been an active member of various organizations in Pakistan such as the Institute of Chartered Accountants where he has held different offices from Council member to Vice President and later President. He has also served on the committee of Corporate Governance in Pakistan; Technical Advisor – Education Committee of International Federation of Accountants (IFAC), Member of the Sub-Group on Tax Reforms and Public Finance of the Economic Advisory Board (under the Chairmanship of Dr. Hafeez Pasha) and as a Committee Member on Reform Process Leading to Functional Separation between Audit & Accounts (under the Chairmanship of Mr. M.U. Beg).

Najam has also been a Member of the Government of Pakistan's Pay & Pension Committee and State Bank of Pakistan's Restructuring Committee to examine proposals for divesting non-core functions such as Retail Cash Management and Prize Bonds Scheme which led to the formation of the SBP Banking Services Corporation. He has also been the Director of Karachi Stock Exchange and a member of the Ad-Hoc Public Accounts Committee of Sindh.

Najam is presently an active member of the Sindh Privatization Commission, Government of Sindh; Sindh Province Pension Fund Board, Government of Sindh; Provincial Finance Commission, Government of Sindh and is the founding member of the Karachi Council for Foreign Relations.

Mr. Amir Zia – Director

Mr. Amir Zia is a qualified accountant from Chartered Institute of Management Accountants (CIMA-UK). He is Chief Financial Officer of Treet Group of Companies. He has vast experience and exposure in strategic planning, industry analysis, financial/ economic analysis & project evaluation, treasury management, international trade and international trade finance. His expertise also lies in financial and non-financial reporting, tax management, stock/fixed income securities analysis & trading, financial restructuring (including debt/equity restructuring/balance sheet repositioning & capital restructuring); financial engineering and corporate affairs.

Mr. Shamim A. Siddiqui – Executive Director

Mr. Shamim Siddiqui is a qualified Cost and Management Accountant & a Gold Medalist from Institute of Cost and Management Accountants of Pakistan. He has been Chief Financial Officer of the company since last 15 years. He has wide experience in finance, costing, planning & taxation.

CHAIRMAN'S REVIEW

I am pleased to present the audited annual accounts of the Loads Group for the year ended June 30, 2017.

The Economy

Pakistan's economy during the year 2016-17 showed signs of improvement with GDP growth of 5.3%. Other macroeconomic indicators, such as subdued inflation, investment growth and rising private sector credit, also showed an encouraging picture. Remittances, however, recorded first annual decrease in last thirteen years and reduced by 3.1%. The current account deficit widened to US$ 13.2 billion for the year ended June 30, 2017. SBP maintained its policy rate at 5.75%, which partially continued to ease the cost of business.

Agriculture showed growth of 3.5% due to favorable policy measures including subsidy on fertilizer, reduction in sales tax on tractors and increased access to finance.

The large scale manufacturing sector grew by 5.58% during first ten months of FY 2017, compared to 2.9% last year. Further, Public Sector Development Program and CPEC related activities also continued to boost industries, such as cement, steel and heavy vehicles.

The Automotive Industry

Overall car/LCV sector reported decline of 2% but, excluding the one-time Punjab taxi scheme of 2016, actual growth was a healthy 13%. Tractors, trucks and motorcycles recorded healthy growth of 62%, 35% and 19% respectively.

The 5 year Auto Industry Development Plan, launched in March 2016, has given a strong impetus to the auto industry. New entrants like KIA and Hyundai have already begun setting up their assembly plants in Pakistan, which will go a long way in expanding the auto industry of the country.

Sales of Loads Group

Net sales revenue of the Group touched Rs.4,405 million and increased by 9.2% over Rs.4,035 million in the previous year, on account of launch of new model Honda Civic and growth in trucks, tractors and Suzuki cars (partly offset by end of one-time Punjab taxi scheme and drop in Corolla sales).

Excluding the impact of Punjab taxi scheme in 2016, actual increase in Group sales was 14%.

Profitability

PBT and PAT of the Group increased by 45% and 69% respectively, on account of post-IPO savings in financial charges, "mark to market" notional gain on investments and significant tax credits on listing & enhanced capital expenditures. Consequently, the group's EPS stands increased from Rs. 2.19 to Rs. 2.54 for the year 2017.

Future Prospects

The Group will continue with its aggressive plans to invest in expansion and modernization to capitalize on the benefits of new entrants. Your management is determined to avail full benefits of these opportunities by continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

Acknowledgement

On my own behalf and on behalf of the Board of Directors of your Company, I take this opportunity of acknowledging the devoted and sincere services of employees of all the cadres of the Company. I am also grateful to our bankers, shareholders, and valued customers, the Original Equipment Manufacturers, and the related Ministries for their continued support.

Syed Shahid Ali
Chairman
Karachi, September 25, 2017

چیئرمین کا جائزہ

مجھے 30 جون، 2017 کو ختم ہونے والے سال کے لیے لوڈز گروپ کے سالانہ آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت

2015-16 کے سال کے دوران، مجموعی قومی پیداوار میں 5.3 فیصد کی افزائش کے ساتھ پاکستان کی معیشت میں بہتری کے آثار نظر آئے۔ کم افراطِ زر، سرمایہ کاری میں اضافے اور بڑھتے ہوئے پرائیویٹ سیکٹر کریڈٹ جیسے دوسرے میکرو اکنامک اشاروں نے بھی ایک حوصلہ افزا تصویر دکھائی۔ تاہم ترسیلاتِ زر میں گزشتہ تیرہ سالوں کے دوران پہلی سالانہ کمی واقع ہوئی اور یہ 13.1 فیصد کم ہوگئیں۔ 30 جون، 2017 کو ختم ہونے والے سال کے دوران اخراجات جاریہ کا خسارہ 13.2 بلین امریکی ڈالر تک وسیع ہوگیا۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے اپنا پالیسی ریٹ 5.75 فیصد پر برقرار رکھا، جس سے کاسٹ آف بزنس جزوی طور پر بہتر ہوتی رہی۔

کھاد پر زرِاعانت، ٹریکٹرز پر سیل ٹیکس میں کمی اور فنانس تک زیادہ رسائی جیسے سازگار پالیسی اقدامات کی وجہ سے زراعت میں 3.5 فیصد افزائش ہوئی۔

مالی سال 2017 کے پہلے دس ماہ کے دوران لارج اسکیل مینوفیکچرنگ سیکٹر میں پچھلے سال کی 2.9 فیصد کے مقابلے میں 5.58 فیصد افزائش ہوئی۔ اس کے علاوہ، پبلک سیکٹر ڈیولپمنٹ پروگرام اور سی پیک سے متعلق سرگرمیوں نے بھی سیمنٹ، اسٹیل اور بھاری گاڑیوں جیسی صنعتوں کی ترقی جاری رکھی۔

گاڑیاں بنانے کی صنعت

مجموعی طور پر کار/ ایل سی وی سیکٹر میں 2 فیصد گراوٹ آئی، مگر 2016 کی ایک بار کی پنجاب ٹیکسی اسکیم کو چھوڑ کر اصل افزائش 13 فیصد کی صحت مند سطح پر رہی۔ ٹریکٹرز، ٹرکوں اور موٹر سائیکلوں کی پیداوار میں بالترتیب 62 فیصد، 35 فیصد اور 19 فیصد صحت مند اضافہ ہوا۔

مارچ 2016، میں شروع کیے جانے والے پانچ سالہ آٹو انڈسٹری ڈیولپمنٹ پلان نے آٹو انڈسٹری کو ایک مضبوط طاقت دی ہے۔ KIA اور ہنڈائی جیسے نئے آنے والوں نے پاکستان میں اپنے اسمبلی پلانٹ لگانا شروع کر دیئے ہیں، جس سے ملک کی آٹو انڈسٹری کو وسعت دینے میں بہت مدد ملے گی۔

لوڈز گروپ کی سیلز

گروپ کے خالص سیلز ریونیو میں، جو پچھلے سال 4,035 ملین روپے تھا 9.2 فیصد اضافہ ہوا اور یہ 4,405 ملین روپے ہوگیا، اس کی وجہ ہنڈا سیوک کے نئے ماڈل کا اجرا اور ٹرکوں، ٹریکٹروں اور سوزوکی کاروں میں اضافہ ہے (جزوی طور پر ایک بار کی پنجاب ٹیکسی اسکیم کے خاتمے اور کرولا کی سیلز میں کمی سے سیٹ آف)۔

2016 میں پنجاب ٹیکسی اسکیم کے اثرات کو نکال کر گروپ کی سیلز میں اصل اضافہ 14 فیصد تھا۔

منافع کی صلاحیت

فنانشل چارجز میں پوسٹ - آئی پی او سیونگز، انویسٹمینٹس پر "مارک ٹو مارکیٹ" غیر حقیقی گین اور لسٹنگ اور سرمائے کے زیادہ اخراجات کی وجہ سے گروپ کے پی بی ٹی اور پی اے ٹی میں بالترتیب 45 فیصد اور 69 فیصد اضافہ ہوا۔ اس کے نتیجہ میں سال 2017 کے لیے گروپ کی ای پی ایس 2.19 روپے سے بڑھ کر 2.54 روپے ہوگئی۔

مستقبل کے امکانات

گروپ، نئے آنے والوں کے فوائد سے استفادہ کرنے کے لیے توسیع اور ماڈرنائزیشن میں سرمایہ کاری کے اپنے جارحانہ منصوبے جاری رکھے گا۔ آپ کی مینجمنٹ نے معیار، پیداواریت، لاگت پر کنٹرول اور اپنی مقابلہ کرنے کی صلاحیت کو بہتر بنانے کے لیے بعد از فروخت سروس پر مسلسل توجہ مرکوز رکھتے ہوئے ان موقعوں سے پورا فائدہ اٹھانے کا تہیہ کر رکھا ہے۔

اظہارِ تشکر

میں اس موقع سے فائدہ اٹھاتے ہوئے، اپنی اور آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے تمام کیڈرز کے ملازمین کی بے لوث اور مخلصانہ خدمات پر شکریہ ادا کرتا ہوں۔ میں مسلسل تعاون پر اپنے بینکرز، شیئر ہولڈرز، گراں قدر کسٹمرز، اوریجنل ایکوپمنٹ مینوفیکچررز اور متعلقہ وزارتوں کا بھی شکر گزار ہوں۔

سید شاہد علی

چیئرمین

کراچی، 25 ستمبر، 2017

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company take pleasure in presenting Loads Group's Annual Report together with Annual Audited Financial Statements for the year ended June 30, 2017.

OPERATING AND FINANCIAL RESULTS (Consolidated)

	Rs. in Millions	
	2017	**2016**
Sales	**4,405**	4,035
Gross Profit	**548**	568
Operating Profit	**397**	420
Profit Before Taxation (PBT)	**378**	260
Profit After Taxation (PAT)	**306**	181
Earnings per share (EPS) – basic and diluted	**2.54**	2.19

BUSINESS REVIEW

Your group has crossed sales of Rs. 4.4 billion per annum, registering an increase of Rs. 369 million (+9.2%) over previous year, on account of overwhelming response to new model of Honda civic, growth in heavy vehicles, tractors & Suzuki cars (partly offset by decline in Toyota Corolla & discontinuation of Punjab taxi scheme).

Gross Profit and Operating Profit registered marginal declines of 3.5% and 5.5% respectively on account of increase in depreciation cost on major capitalization of plant & equipment for modernization & capacity enhancement, as planned in the Initial Public Offer.

On account of savings in financial charges, "mark to market" impact of notional gain on investments and significant tax credits on listing & capital expenditures, PBT and PAT for 2017 reflects a significant growth of 45% and 69% respectively, while EPS stands increased to Rs. 2.54 for the year 2017.

AUTOMOTIVE INDUSTRY REVIEW

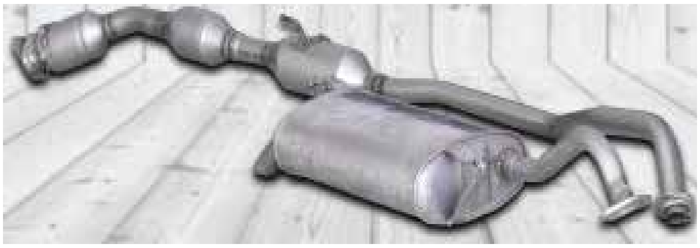
(a) Passenger Cars / Light Commercial Vehicles (LCVs)
Overall cars / LCVs sales for the financial year 2016-17 decreased by 2% over previous year to 213,129 units, but excluding the impact of 2016 Punjab Taxi scheme, the actual growth was 13% in the current year. Honda has performed well and its sales have grown up by 52% due to launch of new model, while Toyota Corolla and Suzuki have declined by 11% and 6% respectively.

(b) Heavy Commercial Vehicles
Heavy vehicles volumes increased from previous year's 6,567 units to 8,629 units, registering an overall increase of 31%. Truck sales increased by 35% and buses increased by 11%, due to impact of CPEC project.

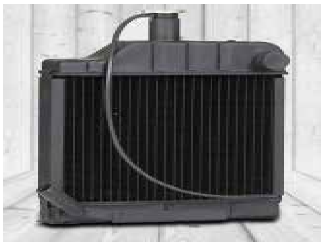
(c) Tractors
The tractor industry's sales increased by 62% over previous year, registering sales of 54,992 units in 2017 (2016: 33,986 units), registering growth of 55% and 68% in volumes of Al-Ghazi Tractors and Millat Tractors respectively.

COMPANY'S SALES PERFORMANCE

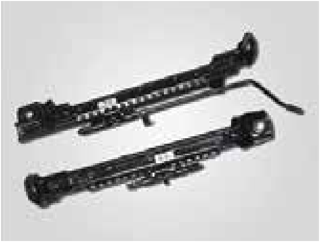
The overall sales of the group have increased by 9.2%. The Company's product-wise performance for the year is analyzed below:



Exhaust System



Radiator



Sheet metal components

Products	**Rs. in millions**		
	Sales		
	2017	**2016**	**+(-)%**
Exhaust Systems	**3,063**	2,695	13.6
Radiators	**692**	740	(6.5)
Sheet Metal Components	**650**	600	8.3
Total	**4,405**	**4,035**	**9.2**

Comments on performance of various product groups are given below:

a) **Exhaust Systems**
Sales have shown growth of 13.6%, mainly due to success of new model of Honda Civic, partly offset by discontinuation of 2016 Punjab Taxi Scheme.

b) **Radiators**
This business decreased by 6.5%, mainly due to discontinuation of 2016 Punjab Taxi Scheme.

c) **Sheet Metal Components**
This product group has registered a growth of 8.3%, mainly due to growth of Honda civic cars.

OTHER MATERIAL CHANGES OR COMMITMENTS

No other material changes or commitments, which could affect the financial position of your Company, have occurred between the end of the financial year and the date of this review.

TRANSFER PRICING

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, subject to approval of Board of Directors and Audit Committee, after justifying (and duly presenting in the financial statements) its rationale and financial impact for the departure.

CASH DIVIDEND

The Board of Directors of your Company has recommended cash dividend of Re.1 per share, i.e.10%.

BONUS SHARES

The Board of Directors of your Company has recommended Bonus Shares in the proportion of 10 shares for every 100 shares held i.e. 10%.

COMPANIES (CORPORATE SOCIAL RESPONSIBILITY) GENERAL ORDER, 2009

In terms of Companies (Corporate Social Responsibility) General Order, 2009, your company contributed in the following areas during the current financial year:

(i) Energy Conservation: Projects to switch over to energy saving devices continue in phases.

(ii) Quality and Environmental management systems: ISO 9001 and ISO 14001 certifications, previously obtained by the Company, continue to be renewed every year.

(iii) Business Ethics: Strict ethics were followed in all business dealings throughout the year.

(iv) Contribution to National Exchequer: The group met all its obligations towards payments of income tax, sales tax and other government levies aggregating Rs. 1,220 million.

ATTENDANCE OF BOARD MEETINGS

The Board of Directors of your company has met four (4) times during the year 2016-17 and the attendance at each of these meetings is as follows:-

S. No	Name of Director	Designation	8 Aug 16	28 Oct 16	24 Feb 17	24 April 17	2016 -17
1.	Syed Shahid Ali	Chairman	A	A	A	A	0/4
2.	Mr. Saulat Said	Vice Chairman	P	P	P	P	4/4
3.	Mr. Munir K. Bana	Chief Executive	P	P	P	P	4/4
4.	Mr. Najam I. Chaudhri	Independent Director	-	-	P	P	2/4
5.	Syed Sheharyar Ali	Non-Executive Director	P	P	P	P	4/4
6.	Mr. Amir Zia	Non-Executive Director	P	P	P	P	4/4
7.	Mr. Muhammad Ziauddin	Executive Director	P	P	P	P	4/4
8.	Mr. Shamim A. Siddiqui	Executive Director	P	P	A	P	3/4
9.	Mr. Jalees A. Siddiqi	Independent Director	P	A	-	-	1/4
	Quorum at Meetings		7/8	6/8	6/8	7/8	

Leave of absence was granted to those directors who were unable to attend a meeting.

Mr. Jalees Ahmed Siddiqi resigned on November 17, 2016 and the Board filled the casual vacancy by appointing Mr. Najam I. Chaudhri on the Board.

AUDIT COMMITTEE

Audit Committee comprises of four non-executive directors, including one independent director, who is the Chairman of the Committee.

During the year, Audit Committee held three meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports, compliances with the best practices of Corporate Governance requirements and other associated matters. These meetings included meetings with the external auditors before and after completion of audit for the year ended June 30, 2017.

HUMAN RESOURCES & REMUNERATION COMMITTEE

The Board has formed a Human Resources & Remuneration Committee (HR&R) which consists of five members. As required, the Chairman of the HR&R Committee is a non-executive director. The Committee held one meeting during the year to discuss and approve the matters falling under the terms of reference of the Committee.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has complied with the requirements of the Code of Corporate Governance as contained in the Rule Book of Pakistan Stock Exchange. However, currently, three executive directors exceed the prescribed limit of one third of the elected directors. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2017 and its disclosure, as required by the Code of Corporate Governance, is annexed with this report.

AUDITORS

The present auditors, M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2018. Their appointment has been recommended by the Audit Committee.

FUTURE OUTLOOK

The company will continue with its aggressive plan to invest in expansion and modernization to capitalize on the continuing growth of the auto industry. Your management is determined to capitalize on opportunities through continued focus on quality, productivity, cost control and after sales service to improve its competitiveness.

The CPEC is now a reality and is expected to bring significant investments for infrastructure projects, especially road networks and energy, which will require support of the auto sector.

The company has strong demand for its auto parts from existing customers and the new entrants, who have announced their plans for setting up automotive assembly plants.

The above factors are expected to maintain the growth momentum in the auto parts industry.

ACKNOWLEDGEMENTS

The Board wishes to thank all the employees for their continuing support and hard work during the year. We also wish to extend our thanks to our customers for their continued patronage and look forward to a fruitful relationship with them in the years ahead.

By Order of the Board

MUNIR K. BANA
Chief Executive

Karachi: September 25, 2017

Loads Limited

انسانی وسائل اور مشاہرہ کمیٹی

بورڈ نے ایک انسانی وسائل اور مشاہرہ کمیٹی (ایچ آر اینڈ آر) قائم کی ہے جو پانچ ارکان پر مشتمل ہے۔ جیسا کہ ضروری ہے ایچ آر اینڈ آر کمیٹی کا چیئرمین ایک نان ایگزیکٹو ڈائریکٹر ہے۔ کمیٹی کی شرائط کار میں آنے والے معاملات پر غور اور منظوری کے لیے سال کے دوران کمیٹی کا ایک اجلاس ہوا۔

کوڈ آف کارپوریٹ گورننس کی تعمیل کے بارے میں اسٹیٹمنٹ

کمپنی نے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی پوری پابندی کی ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کی رول بک میں درج ہے۔ تاہم، اس وقت، تین ایگزیکٹو ڈائریکٹرز، ایک تہائی منتخب کردہ ڈائریکٹرز کی مقررہ حد سے تجاوز کررہے ہیں۔ اس ضمن میں ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ، جیسا کہ 30 جون 2017 کو تھا اور اس کا ڈسکلوژر، جیسا کہ کوڈ آف کارپوریٹ گورننس کی رو سے ضروری ہے، اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز۔ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس ریٹائر ہورہے ہیں اور اہل ہونے کے ناتے انھوں نے خود کو 30 جون، 2018 کو ختم ہونے والے سال کے لیے دوبارہ تقرر کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے ان کے تقرر کی سفارش کی ہے۔

مستقبل کی سوچ

کمپنی، آٹو انڈسٹری کی مسلسل افزائش کو کیپیٹلائز کرنے کے لئے توسیع اور ماڈرنائزیشن میں سرمایہ کاری کا جارحانہ منصوبہ جاری رکھے گی۔ آپ کی کمپنی نے معیار، پیداوار، لاگت پر کنٹرول اور مقابلہ کرنے کی اپنی صلاحیت کو بہتر بنانے کے لیے بعد از فروخت سروس پر توجہ برقرار رکھتے ہوئے موقعوں سے فائدہ اٹھانے کا تہیہ کر رکھا ہے۔

سی پیک اب ایک حقیقت ہے اور توقع ہے کہ یہ انفرااسٹرکچر منصوبوں، خصوصاً روڈ نیٹ ورکس اور توانائی کے منصوبوں کے لیے خطیر سرمایہ کاری لائے گی۔

موجودہ کسٹمرز اور نئے داخل ہونے والوں کی طرف سے، جنھوں نے آٹو موٹیو اسمبلی پلانٹس لگانے کا اعلان کیا ہے، کمپنی کے آٹو پارٹس کی بہت مانگ ہے۔

امید ہے کہ مذکورہ بالا عوامل آٹو پارٹس انڈسٹری میں افزائش کی رفتار کو برقرار رکھیں گے

اظہار تشکر

بورڈ، سال کے دوران مسلسل تعاون اور انتھک محنت پر تمام ملازمین کا شکریہ ادا کرتا ہے۔ ہم مسلسل سرپرستی پر اپنے کسٹمرز کا بھی شکریہ ادا کرتے ہیں اور آنے والوں برسوں میں ان کے ساتھ مفید تعلقات کے لیے پر امید ہیں۔

بحکم بورڈ

منیر کے بانا

چیف ایگزیکٹو

کراچی: 25 ستمبر، 2017

بونس شیئرز

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے ہر 100 شیئرز پر 10 شیئرز کے تناسب سے، یعنی 10 فیصد بونس شیئرز کی سفارش کی ہے۔

کمپنیز (کارپوریٹ سماجی ذمہ داری) جنرل آرڈر، 2009

کمپنیز (کارپوریٹ سماجی ذمہ داری) جنرل آرڈر، 2009 کے حوالے سے آپ کی کمپنی نے رواں مالی سال کے دوران درج ذیل شعبوں میں حصہ ادا کیا:

(i) **بجلی کی بچت:** بجلی بچانے کے آلات کے استعمال کے منصوبوں پر مرحلہ وار کام جاری ہے۔

(ii) **کوالٹی اینڈ انوائرمینٹل مینجمنٹ سسٹمز:** آئی ایس او 9001 اور آئی ایس او 14001 سرٹیفکیشنز، جو اس سے قبل کمپنی نے حاصل کی تھیں، ان کی ہر سال تجدید کرائی جا رہی ہے۔

(iii) **کاروباری اخلاقیات:** پورے سال تمام کاروباری لین دین میں سخت اخلاقی تقاضوں پر عمل کیا گیا۔

(iv) **قومی خزانے میں حصہ:** انکم ٹیکس، سیلز ٹیکس اور دوسری حکومتی لیویز، جو مجموعی طور پر 1,220 ملین روپے بنتی ہیں، کی ادائیگی کے لیے گروپ نے اپنی تمام ذمہ داریاں پوری کیں۔

بورڈ اجلاسوں میں حاضری

سال 17-2016 کے دوران آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کا 4 (چار) بار اجلاس ہوا۔ ہر اجلاس کی حاضری مندرجہ ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	عہدہ	8 اگست 16	28 اکتوبر 16	24 فروری 17	24 اپریل 17	2016-17
1	سید شاہد علی	چیئرمین	A	A	A	A	0/4
2	صولت سعید	وائس چیئرمین	P	P	P	P	4/4
3	منیر کے بانا	چیف ایگزیکٹو	P	P	P	P	4/4
4	نجم آئی چودھری	انڈیپینڈنٹ ڈائریکٹر	-	-	P	P	2/4
5	سید شہریار علی	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
6	عامر ضیا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
7	محمد ضیاالدین	ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
8	شمیم اے صدیقی	ایگزیکٹو ڈائریکٹر	P	P	A	P	3/4
9	جلیس اے صدیقی	انڈیپینڈینٹ ڈائریکٹر	P	A	-	-	1/4
	اجلاسوں کا کورم		7/8	6/8	6/8	7/8	

جو ڈائریکٹرز اجلاس میں شرکت سے قاصر تھے، انھیں غیر حاضری کی رخصت دی گئی۔

جناب جلیس احمد صدیقی نے 17 نومبر، 2016 کو استعفادے دیا تھا اور بورڈ نے، بورڈ پر جناب نجم آئی چودھری کا تقرر کرتے ہوئے اس عارضی اسامی کو پُر کیا۔

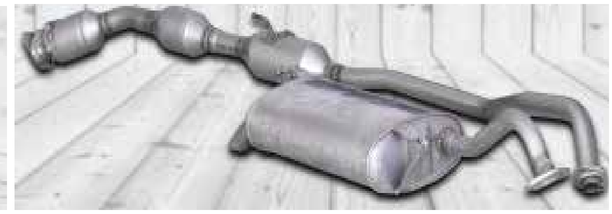
آڈٹ کمیٹی

آڈٹ کمیٹی، ایک انڈیپینڈنٹ ڈائریکٹر سمیت جو کمیٹی کے چیئرمین ہیں، چار نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

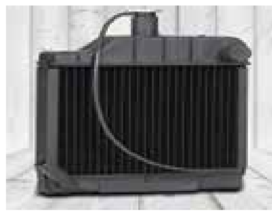
سال کے دوران بورڈ آف ڈائریکٹرز کے اجلاس سے قبل آڈٹ کمیٹی کے تین اجلاس ہوئے، جن میں مالیاتی حسابات، انٹرنل آڈٹ رپورٹس، کارپوریٹ گورننس کے بہترین طور طریقوں کے تقاضوں کی تعمیل اور دیگر متعلق معاملات پر غور کیا گیا۔ ان اجلاسوں میں 30 جون 2017 کو ختم ہونے والے سال کے لیے آڈٹ سے پہلے اور اس کی تکمیل کے بعد ایکسٹرنل آڈیٹرز کے ساتھ ہونے والے اجلاس شامل ہیں۔

کمپنی کی سیلز پرفارمنس

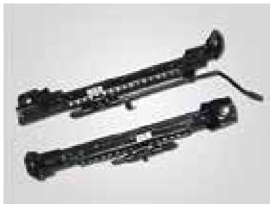
گروپ کی مجموعی سیلز میں 9.2 فیصد اضافہ ہوا۔ سال کے لیے کمپنی کی پیداوار کے لحاظ سے کارکردگی کا تجزیہ ذیل میں کیا جا رہا ہے۔



ایگزاسٹ سسٹم



ریڈی ایٹر



شیٹ میٹل کمپوننٹس

	روپے ملینز میں		
پراڈکٹس	سیلز		
	2017	2016	+(-)%
ایگزاسٹ سسٹمز	3063	2,695	13.6
ریڈی ایٹرز	692	740	(6.5)
شیٹ میٹل کمپوننٹس	650	600	8.3
کل	**4,405**	**4,035**	**9.2**

مختلف پراڈکٹس گروپس کی پرفارمنس پر تبصرہ ذیل میں دیا جا رہا ہے:

a) ایگزاسٹ سسٹمز

سیلز نے 13.6 فیصد اضافہ دکھایا، جس کی بڑی وجہ ہنڈا سیوک کے نئے ماڈل کی کامیابی ہے، 2016 کی پنجاب ٹیکسی اسکیم کے ختم ہونے سے جزوی سیٹ آف۔

b) ریڈی ایٹرز

اس کاروبار میں 6.5 فیصد کمی واقع ہوئی، اس کی بڑی وجہ 2016 کی پنجاب ٹیکسی اسکیم کا ختم ہونا تھا۔

c) شیٹ میٹل کمپوننٹس

اس پراڈکٹس گروپ میں 8.3 فیصد افزائش ہوئی، جس کی بڑی وجہ ہنڈا سیوک کاروں میں اضافہ ہے۔

دیگر مادی تبدیلیاں یا تبصرے

مالی سال کے اختتام اور اس جائزے کی تاریخ کے درمیان دوسری کوئی ایسی مادی تبدیلیاں یا وعدے نہیں ہوئے جن سے آپ کی کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو۔

ٹرانسفر پرائسنگ

اس بات کو یقینی بنانا کمپنی کی پالیسی ہے کہ متعلقہ پارٹیوں کے ساتھ کیا جانے والا تمام لین دین ہر طرح سے شفاف ہو۔ تاہم استثنائی حالات میں کمپنی بعض قواعد سے ہٹ کر لین دین کر سکتی ہے، بشرطیکہ بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی اس کی معقولیت اور اس قسم کے انحراف کے مالی اثرات کو دیکھتے ہوئے اس کی منظوری دے (اور مالیاتی اسٹیٹمنٹس میں اس کا ذکر کرے)۔

نقد منافع منقسمہ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے 1 روپیہ فی شیئر یعنی 10 فیصد نقد منافع منقسمہ کی سفارش کی ہے۔

لوڈز لمیٹڈ

ڈائریکٹر صاحبان کی رپورٹ برائے شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹرز کو، 30 جون، 2017 کو ختم ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ لوڈز گروپ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

آپریٹنگ اور مالیاتی نتائج (مربوط)

	روپے ملینز میں	
	2017	2016
سیلز	4,405	4,035
مجموعی منافع	548	568
آپریٹنگ منافع	397	420
قبل از ٹیکس منافع (پی بی ٹی)	378	260
بعد از ٹیکس منافع (پی اے ٹی)	306	181
آمدنی فی شیئر (ای پی ایس)۔ بنیادی اور ڈائیلوٹیڈ	2.54	2.19

کاروباری جائزہ

آپ کے گروپ نے ہنڈا اسیوک کے نئے ماڈل، بڑی گاڑیوں، ٹریکٹرز اور سوزوکی کاروں میں اضافے کی وجہ سے (ٹویوٹا کرولا میں کمی اور پنجاب ٹیکسی اسکیم کے ختم ہو جانے سے جزوی آف سیٹ) سالانہ 4.4 بلین روپے کی سیلز کو عبور کر لیا ہے جو پچھلے سال کے مقابلے میں 369 ملین روپے (9.2%+) زیادہ ہے۔

ماڈرنائزیشن اور استعداد میں اضافے کے لیے، جیسا کہ انیشل پبلک آفر میں منصوبہ بنایا گیا تھا پلانٹ اور ایکوپمنٹ کی بڑی کیپٹلائزیشن پر فرسودگی کی لاگت میں اضافے کی وجہ سے گراس پرافٹ اور آپریٹنگ پرافٹ میں بالترتیب 3.5 فیصد اور 5.5 فیصد کی معمولی کمی آئی۔

فنانشل چارجز میں بچت، انویسٹمینٹس پر پٹینشل گین کے "مارک ٹو مارکیٹ" اثرات اور لسٹنگ اینڈ کیپٹل اخراجات پر خاطر خواہ ٹیکس کریڈٹ کی وجہ سے 2017 کے لیے پی بی ٹی اور پی اے ٹی، بالترتیب 45 فیصد اور 69 فیصد کی خطیر افزائش کی عکاسی کرتا ہے، جبکہ 2017 میں ای پی ایس بڑھ کر 2.54 روپے ہو گئی۔

گاڑیاں تیار کرنے کی صنعت کا جائزہ

(a) پیسنجر کاریں / ہلکی کمرشل گاڑیاں (ایل سی ویز)

مالی سال 17-2016 کے دوران کاروں / ایل سی ویز کی مجموعی سیلز میں، گزشتہ سال کے 213,129 یونٹس کے مقابلے میں 2 فیصد کمی ہوئی، لیکن اگر 2016 کی پنجاب ٹیکسی اسکیم کے اثرات کو نکال دیا جائے تو رواں سال کے لیے اصل افزائش 13 فیصد ہے۔ ہنڈا نے بہت اچھی کارکردگی دکھائی اور نئے ماڈل کے اجرا کی وجہ سے اس کی سیلز میں 52 فیصد اضافہ ہو گیا، جبکہ ٹویوٹا کرولا اور سوزوکی کی سیلز میں بالترتیب 11 فیصد اور 6 فیصد کمی آئی۔

(b) ہیوی کمرشل گاڑیاں

ہیوی کمرشل گاڑیوں کی مقدار گزشتہ سال کے 5,567 یونٹس سے بڑھ کر 8,629 یونٹس ہو گئی، اس طرح مجموعی طور پر 31 فیصد اضافہ ہوا۔ سی پیک پراجیکٹ کے اثر کے باعث ٹرکوں کی سیلز میں 35 فیصد اور بسوں کی سیلز میں 11 فیصد اضافہ ہوا۔

(c) ٹریکٹرز

سالِ گزشتہ کے دوران ٹریکٹر انڈسٹری کی سیلز میں 62 فیصد اضافہ ہوا۔ 2017 میں یونٹ 54,992 فروخت ہوئے (2016:33,986 یونٹ) اس طرح الغازی ٹریکٹرز اور ملت ٹریکٹرز کی سیلز کی مقدار میں 55 فیصد اور 68 فیصد اضافہ ہوا۔

KPMG Taseer Hadi & Co.
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Review Report to the Members of Loads Limited ("the Company") on the Statement of Compliance with the Best Practices of 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 Loads Limited ("the Company") for the year ended 30 June 2017 to comply with the requirements contained in clause no. 5.19 of Rule Book of Pakistan 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 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 control 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 of 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 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 2017.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph reference	Description
1	The Board of Directors of the Company comprises of eight directors including seven elected directors. This includes three executive directors which are in excess of the prescribed limit of one third of the elected directors as stipulated in clause 5.19.1 (d) of the Rule Book of Pakistan Stock Exchange Limited relating to Listing Regulations.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 25 September 2017

Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE LOADS LIMITED FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of listing regulations of Pakistan Stock Exchange 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.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Najam I. Chaudhri
Executive Directors	Mr. Munir K. Bana
	Mr. M. Ziauddin
	Mr. Shamim A. Siddiqui
Non-Executive Directors	Syed Shahid Ali
	Mr. Saulat Said
	Syed Sheharyar Ali
	Mr. Amir Zia

The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the board on November 17, 2016 was filled up by the directors within 1 day.

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 and 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 Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the board/shareholders.

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. The board arranged 01 training program for its directors during the year.

10. The board has approved appointment of Head of Internal Audit during the year, including his remuneration and terms and conditions of employment. However, there was no change in the position of Chief Financial Officer and Company Secretary.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.

15. The board has formed an Audit Committee. It comprises 4 Members, of whom 3 are non-executive directors and the Chairman of the Committee is an Independent 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 5 Members, of whom 3 are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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 ICAP, 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 ICAP.

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 exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Director

Munir K. Bana
Chief Executive

September 25, 2017
Karachi

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Auditors' report to the members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Loads Limited** ("the Holding Company") and its subsidiary companies ("the Group") as at 30 June 2017 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 Loads Limited and its subsidiary companies namely Specialized Autoparts Industries (Private) Limited, Multiple Autoparts Industries (Private) Limited, Hi-Tech Autoparts (Private) Limited and Specialized Motorcycles (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 consolidated financial position of Loads Limited and its subsidiary companies as at 30 June 2017 and the consolidated results of their operations for the year then ended.

We draw attention to note 1.5 to the consolidated financial statements, which states that the operations of the subsidiary company, Specialized Motorcycles (Private) Limited have ceased and transferred to the Holding Company from 1 July 2015. Accordingly, the financial statements of the subsidiary were not prepared on going concern basis. Our opinion is not qualified in respect of this matter.

KPMG Taseer Hadi & Co.

Date: 25 September 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Malik

Consolidated Balance Sheet

As at 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**782,307,297**	622,781,000
Intangible assets	5	**2,088,635**	747,994
Long term investments	6	**639,025,429**	377,916,410
Long term loans and receivable	9	**27,386,282**	-
Employee benefits - gratuity	20.2	**-**	4,849,146
		1,450,807,643	1,006,294,550
Current assets			
Stores and spares	24.2	**54,094,440**	69,537,821
Stock-in-trade	7	**1,181,967,494**	1,107,064,322
Trade debts - net	8	**223,972,326**	213,888,667
Loans and advances	10	**92,413,727**	150,754,051
Deposits, prepayments and other receivables	11	**191,474,809**	179,805,015
Current maturity of long term receivables	9.1	**33,547,375**	-
Taxation - net	12	**175,784,003**	150,106,918
Investments	13	**107,436,273**	87,257,785
Cash and bank balances	14	**343,121,346**	18,698,352
		2,403,811,793	1,977,112,931
Total assets		**3,854,619,436**	2,983,407,481
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (30 June 2016: 150,000,000) ordinary shares of Rs. 10 each		**2,000,000,000**	1,500,000,000
Issued, subscribed and paid up capital	17	**1,375,000,000**	750,000,000
Share premium		**1,095,352,578**	-
Unrealised gain on re-measurement of available-for-sale investments	13.2.1	**33,726,169**	23,805,855
Unappropriated profit		**898,499,945**	844,556,592
		3,402,578,692	1,618,362,447
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	18	**8,935,018**	18,745,411
Deferred tax liabilities	19	**85,589,139**	75,716,402
Employee benefits - gratuity	20.2	**287,395**	-
		94,811,552	94,461,813
Current liabilities			
Current maturity of liabilities against assets subject to finance lease	18	**13,258,088**	16,100,360
Short term borrowings	21	**28,395,236**	1,082,794,488
Trade and other payables	22	**313,567,792**	153,314,591
Unclaimed dividend		**1,420,509**	-
Accrued mark-up on short term borrowings		**587,567**	18,373,782
		357,229,192	1,270,583,221
Total equity and liabilities		**3,854,619,436**	2,983,407,481

CONTINGENCIES AND COMMITMENTS 15

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Profit and Loss Account

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
Turnover	23	**4,405,126,503**	4,035,658,287
Cost of sales	24	**(3,857,544,318)**	(3,467,862,743)
Gross profit		**547,582,185**	567,795,544
Administrative and selling expenses	25	**(185,265,945)**	(146,052,992)
		362,316,240	421,742,552
Other expenses	26	**(28,532,034)**	(19,311,386)
Other income	27	**63,192,051**	17,383,213
		34,660,017	(1,928,173)
Operating profit		**396,976,257**	419,814,379
Financial charges	28	**(45,751,375)**	(105,927,482)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	13.1	**13,477,480**	(66,123,817)
Share of profit in associate - net	6.1.1	**13,029,143**	12,563,481
Profit before taxation		**377,731,505**	260,326,561
Taxation	29	**(71,304,206)**	(79,612,308)
Profit after taxation		**306,427,299**	180,714,253
			(Restated)
Earnings per share - basic and diluted	30	**2.54**	2.19

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	**30 June 2017**	30 June 2016
		(Rupees)	
Profit after taxation		**306,427,299**	180,714,253
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit and loss			
Unrealised gain on re-measurement of available-for-sale investments	13.2.1	**9,920,314**	2,586,228
Items that will not be reclassified to profit and loss			
Loss on re-measurement of defined benefit liability	20.2.4	**(3,548,495)**	(1,359,200)
Related tax	19.2	**1,064,549**	421,352
		(2,483,946)	(937,848)
Share of loss in associate's defined benefit liability recognized in other comprehensive income	6.1.1	**-**	(3,281,274)
Total comprehensive income for the year		**313,863,667**	179,081,359

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Cash Flow Statement

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**377,731,505**	260,326,561
Adjustments for			
Depreciation	4.1	**94,094,977**	58,498,303
Amortisation	5	**441,961**	132,235
Provision for slow-moving and obsolescence	7.1	**1,623,406**	-
Mark-up expense	28	**35,642,127**	83,696,541
Finance lease charges	28	**2,090,311**	2,125,614
Provision for gratuity	20.2.3	**1,588,046**	2,345,368
Gain on disposal of property, plant and equipment	27	**(24,300,942)**	(2,595,389)
Capital gain on sale of investments		**(76,404)**	-
Share of profit in associate - net of tax	6.1.1	**(13,029,143)**	(12,563,481)
Interest income on investments and bank deposits	27	**(30,321,966)**	-
Dividend income	27	**(2,469,712)**	(1,095,469)
Un-winding of interest on long term receivables	27	**(1,105,361)**	-
Interest income on loan to employees	27	**(1,819,246)**	(1,530,887)
Interest income from Participation Term Certificates	27	**(12,454,200)**	(12,032,955)
Unrealized (gain) / loss on re-measurement of investment classified as 'at fair value through profit or loss' - at initial recognition	13.1.1	**(13,477,480)**	66,123,817
		414,157,879	443,430,258
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		**15,443,381**	(22,810,453)
Stock-in-trade		**(76,526,578)**	(166,909,920)
Trade debts		**(10,083,659)**	13,010,244
Loans and advances		**57,636,444**	(63,134,633)
Deposits, prepayments and other receivables		**(11,669,794)**	9,860,577
		(25,200,206)	(229,984,185)
Increase / (decrease) in current liabilities			
Trade and other payables		**158,206,805**	6,658,877
Cash generated from operations		**547,164,478**	220,104,950
Mark-up paid		**(51,381,946)**	(80,137,441)
Gratuity paid		**-**	(2,211,792)
Interest received from loan to employees		**1,819,246**	-
Tax paid		**(86,044,005)**	(75,626,520)
Net cash generated from / (used in) operating activities		**411,557,773**	62,129,197
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(289,649,376)**	(209,893,622)
Purchase of intangibles		**(1,782,602)**	(880,228)
Purchase of investments		**(253,569,974)**	(8,177,227)
Proceeds from disposal of investment in associate		**1,165,128**	
Interest received on investments and bank deposits		**30,321,966**	1,530,887
Interest received from Participation Term Certificates		**12,454,200**	12,032,955
Dividend received		**2,469,712**	1,095,469
Dividend received from associate		**7,620,680**	7,492,475
Proceeds from disposal of property and equipment		**11,309,876**	4,412,844
Net cash used in investing activities		**(479,660,390)**	(192,386,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(24,848,224)**	(18,318,501)
Proceeds from issue of share capital		**1,700,000,000**	-
Preliminary expenses	16	**(104,647,422)**	-
Dividend paid		**(123,579,491)**	-
Net cash generated from financing activities		**1,446,924,863**	(18,318,501) -
Net increase / (decrease) in cash and cash equivalents		**1,378,822,246**	(148,575,751)
Cash and cash equivalents at beginning of the year		**(1,064,096,136)**	(915,520,385)
Cash and cash equivalents at end of the year	32	**314,726,110**	(1,064,096,136)

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Consolidated Statement of Changes In Equity

For the year ended 30 June 2017

	Note	Issued, subscribed and paid up capital	Share premium	Unrealised gain on re-measurement of available-for-sale investments	Unappro-priated profit	Total
		----------------------------------	----------------------------------	(Rupees)	----------------------------------	
Balance as at 1 July 2015		750,000,000	-	21,219,627	668,061,461	1,439,281,088
Total comprehensive income for the year ended 30 June 2016						
Profit after taxation		-	-	-	180,714,253	180,714,253
Other comprehensive income		-	-	2,586,228	(4,219,122)	(1,632,894)
		-	-	2,586,228	176,495,131	179,081,359
Transactions with owners of the Company						
Contributions and distributions		-	-	-	-	-
Balance as at 30 June 2016		**750,000,000**	**-**	**23,805,855**	**844,556,592**	**1,618,362,447**
Total comprehensive income for the year ended 30 June 2017						
Profit after taxation		-		-	306,427,299	306,427,299
Other comprehensive income		-		9,920,314	(2,483,946)	7,436,368
		-		9,920,314	303,943,353	313,863,667
Transactions with owners of the Company						
Contributions and distributions						
Issue of 50,000,000 ordinary shares at the rate of Rs. 34 per share	17	500,000,000	1,200,000,000	-	-	1,700,000,000
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2016		-	-	-	(125,000,000)	(125,000,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		125,000,000	-	-	(125,000,000)	-
		625,000,000	1,200,000,000	-	(250,000,000)	1,575,000,000
Preliminary expenses written off during the year	16	-	(104,647,422)	-	-	(104,647,422)
Balance as at 30 June 2017		**1,375,000,000**	**1,095,352,578**	**33,726,169**	**898,499,945**	**3,402,578,692**

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Director

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of Loads Limited (the Parent Company), Specialized Autoparts Industries (Private) Limited (SAIL), Multiple Autoparts Industries (Private) Limited (MAIL) ,Specialized Motorcycles (Private) Limited (SMPL) and Hi-Tech Autoparts (Private) Limited.

1.2 Loads Limited (“the Parent Company”) was incorporated in Pakistan on 1 January 1979 as a private limited company. On 19 December 1993, the Parent Company was converted to unlisted public limited company and subsequently on 1 November 2016, the shares of the Parent Company were listed on Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

1.3 The principal activity of the Parent Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

1.4 There are four wholly owned subsidiaries and one associate (Treet Corporation Limited). The details are as follows:

Name of the Company	Incorporation date	Principle line of business
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	Manufacture and sell components for theautomotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL) (note 1.5)"	28 September 2004	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts.
Hi-Tech Autoparts (Private) Limited (Hi-Tech)"	13 January 2017	Manufacture modern autoparts, dies, moulds, and fabrication of different products. Hi-Tech is in the process of purchasing land for establishment of an industrial unit (note 4.2.2).

1.5 The operations of the subsidiary company, SMPL have ceased from 1 July 2015. Accordingly, the financial statements of SMPL were not prepared on going concern basis. Therefore, all assets and liabilities of SMPL have been classified as current and assets are measured at lower of their carrying amounts and fair value less cost to sell.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, shall prevail.

2.1.2 The Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost convention, except for investments classified as "investment at fair value through profit or loss" and "available for sale" which are stated at fair value and provision for staff gratuity which is stated at present value. Further as mentioned in note 1.5, the assets and liabilities of the subsidiary company, SMPL, are stated at lower of carrying amounts and fair value less cost to sell and investment in associate is accounted using the equity method of accounting.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees which is also the functional currency of the Group and has been rounded to the nearest rupees.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting polices, management has made the following accounting estimates and judgments which are significant to the consolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property, plant and equipment and intangibles (notes 3.2 and 3.3);
- Provision for impairment of stock-in-trade and stores and spares (notes 3.7 and 3.8);
- Taxation (notes 3.13);
- Provision for impairment of financial and non-financial assets (note 3.6.5);
- Employees' benefits and compensated absences (notes 3.4)
- Classification and valuation of financial instruments (note 3.6)
- Contingencies (note 15)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards and the requirements of the Companies Act, 2017 will be effective for accounting periods beginning on or after 01 July 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of transaction for purpose of determining exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, entity shall determine date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- As disclosed in note 2.1.2, the new requirements of the Companies Act, 2017, shall be applicable to the financial statements issued on or after June 30, 2017. Accordingly certain additional requirements / disclosures in Fourth Schedule are applicable to the consolidated financial statements of the Group. Significant disclosures / requirements, which are relevant to the Group includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and / or percentage of shareholding; particulars of the foreign "shareholders, other than the natural person, holding more than 5% of paid-up capital; summary of" significant transactions and events that have affected the financial position and performance during the year; additional disclosure in respect of contingencies, name of the Court, the date case was instituted, principal parties and factual basis of proceedings; management assessment of sufficiency of tax provision including comparisons of tax provision as per accounts with tax assessment for last three years; detailed disclosure regarding foreign shareholders and associated companies incorporated outside Pakistan; disclosure of the properties acquired and not held in name or in possession; change in the definition of 'executive' for the disclosure requirements regarding remuneration of executives and directors; disclosure of the loans and advances provided to directors and associates; additional disclosure in respect of security deposit payable; disclosure of royalties paid by the company and items such as, long term deposits and prepayment, unpaid dividend and unclaimed dividend shall be disclosed as a separate line items on the face of the consolidated financial statements.

The above amendments are not likely to have an impact on the Group's consolidated financial statements except for additional disclosures and reclassifications mentioned above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of consolidation

3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements of the subsidiaries have been consolidated on a line-by-line basis and all intra-group balances and transactions have been eliminated.

3.1.2 Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for asequity transactions.

As all subsidiaries are wholly owned by the Parent Company, therefore there is no NCI at the reporting date.

3.1.3 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.4 Interests in equity-accounted investees

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates, until the date on which significant influence ceases.

3.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss account as incurred.

Depreciation

Depreciation charge is based on the reducing balance method at the rate specified in note 4.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit and loss account.

Assets subject to finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy for property, plant and equipment. The finance cost is charged to profit and loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

3.3 Intangible assets

Intangible assets that are acquired by the Group and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 5 and is recognised in profit and loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off. Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

3.4 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Group operates a funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Group's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Parent Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Compensated absences

The Group recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Group and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

3.5 Trade and other payables

Trade payable and other liabilities are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.6 Financial instruments

The Group classifies its financial assets into financial assets at 'fair value through profit or loss', available for sale', 'held-to-maturity' and 'loans and receivables'.

The Group classifies its financial liabilities into the other financial liabilities category.

3.6.1 Financial assets and financial liabilities - recognition and derecognition

The Group initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.6.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.6.3 Financial assets - measurement

a) Financial assets at fair value through profit or loss

A financial asset is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial assets are designated as 'at fair value through profit or loss' if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in profit and loss account.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) Available for sale

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

c) Held-to-maturity

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

d) Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

3.6.4 Financial liabilities - measurement

All financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

3.6.5 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit and loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit and loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit and loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss are not reversed subsequently in the profit and loss.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Stores, spares and consumables

These are measured at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

3.8 Stock-in-trade

Stock in trade is measured at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

3.9 Trade debts, loans, advances, deposits and other receivables

Trade debts, loans, advances, deposits and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Loans, advances and other receivables considered irrecoverable are written off.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Group, which are repayable on demand form an integral part of the Group's cash management and are included as part of cash and cash equivalents for the purpose of the unconsolidated cash flow statement.

3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.12 Revenue recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.

- Mark-up on bank deposit and debt securities are recognised on time apportioned basis using effective interest rate method.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in profit and loss account in the period in which they arise.

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

3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of 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 realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Group recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Provisions

A provision is recognized in the unconsolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

3.15 Dividend distribution and appropriation to reserves

Dividend distribution to the shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 21.

3.16 Segment accounting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Chief Executive Officer reviews the Group as a single entity, therefore there are no segments.

3.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

3.18 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2017	30 June 2016
		(Rupees)	
Operating property, plant and equipment	4.1	**672,497,844**	547,138,343
Capital work-in-progress	4.2	**109,809,453**	75,642,657
		782,307,297	622,781,000

4.1 Operating property, plant and equipment

30 June 2017

	Cost					Rate	Accumulated depreciation					Net book
	As at 01 July 2016	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2017		As at 01 July 2016	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2017	value as at 30 June 2017
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	178,615,386	38,848,065	-	-	217,463,451	5	63,350,262	6,484,837	-	-	69,835,099	147,628,352
Plant and machinery	470,904,398	109,927,901	-	(1,050,000)	579,782,299	10 - 20	236,417,517	30,386,650	-	(815,651)	265,988,516	313,793,783
Tools and equipment	197,906,556	102,039,175	-	(51,738,400)	248,207,331	10 - 35	115,794,385	41,463,551	-	(6,608,409)	150,649,527	97,557,804
Furniture, fittings and office equipment	42,650,825	4,047,781	-	-	46,698,606	10 - 30	24,167,937	4,516,516	-	-	28,684,453	18,014,153
Vehicles	17,463,139	619,658	-	(1,808,000)	16,274,797	20	10,918,732	1,208,084	-	(1,038,990)	11,087,826	5,186,971
Leased												
Vehicles	67,702,667	10,105,248	-	-	77,807,915	20	22,239,110	10,035,339	-	-	32,274,449	45,533,466
	1,020,026,286	265,587,828	-	(54,596,400)	1,231,017,714		472,887,943	94,094,977	-	(8,463,050)	558,519,870	672,497,844

30 June 2016

	Cost					Rate	Accumulated depreciation					Net book
	As at 01 July 2016	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2017		As at 01 July 2016	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2017	value as at 30 June 2017
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land	19,703,315	-	-	-	19,703,315	-	-	-	-	-	-	19,703,315
Building on leasehold land	160,452,986	18,162,400	-	-	178,615,386	5	57,591,630	5,758,632	-	-	63,350,262	115,265,124
Plant and machinery	370,866,662	76,534,399	23,503,337	-	470,904,398	10 - 20	206,545,218	21,283,598	8,588,701	-	236,417,517	234,486,881
Tools and equipment	136,587,837	63,646,722	-	(2,328,003)	197,906,556	10 - 35	102,538,603	14,895,982	-	(1,640,200)	115,794,385	82,112,171
Furniture, fittings and office equipment	33,233,660	9,417,165	-	-	42,650,825	10 - 30	19,873,621	4,294,316	-	-	24,167,937	18,482,888
Vehicles	17,513,089	1,895,000	-	(1,944,950)	17,463,139	20		10,650,627	1,569,759	-	(1,301,654)	10,918,732
Leased												
Plant and machinery	23,503,337	-	(23,503,337)	-	-	10 - 20	6,772,821	1,815,880	(8,588,701)	-	-	-
Vehicles	50,626,693	19,876,674	-	(2,800,700)	67,702,667	20	15,673,318	8,880,136	-	(2,314,344)	22,239,110	45,463,557
	837,567,579	189,532,360	-	(7,073,653)	1,020,026,286		419,645,838	58,498,303	-	(5,256,198)	472,887,943	547,138,343

4.1.1 This represents a plot in Lahore amounting to Rs. 25.08 million (30 June 2016: Rs. 25.08 million) held by the Group for the expansion of business in future. Currently, this plot of land is not being used.

4.1.2 There are no fully depreciated assets at the reporting date as the Group is following reducing balance method.

4.1.3 Depreciation has been allocated as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Cost of sales	24	**86,324,886**	50,890,174
Administrative and selling expenses	25	**7,770,091**	7,608,129
		94,094,977	58,498,303

4.1.4 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

	30 June 2017						
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars
				(Rupees)			
Owned							
Tools and equipment							
Dies (note 9.1)	**51,738,400**	**6,608,409**	**45,129,991**	**68,270,192**	**23,140,201**	Negotiation	Pak Suzuki - Karachi
Plant and machinery							
Die Spoting Press	**1,050,000**	**815,651**	**234,349**	**837,300**	**602,951**	Negotiation	FFF Traders - Karachi
Vehicle							
Mini Truck - JZ-1295	**1,000,000**	**327,778**	**672,222**	**590,000**	**(82,222)**	Negotiation	Muhammad Arif - Karachi
Suzuki Bolan - CR-7456	**404,000**	**355,921**	**48,079**	**396,900**	**348,821**	Negotiation	Muhammad Amir Khan - Karachi
Suzuki Bolan - CR- 9221	**404,000**	**355,291**	**48,709**	**339,900**	**291,191**	Negotiation	Muhammad Arif - Karachi
	54,596,400	**8,463,050**	**46,133,350**	**70,434,292**	**24,300,942**		

4.2 Capital work-in-progress

	Note	30 June 2017	30 June 2016
		(Rupees)	
Advance against capital expenditure	4.2.2	**78,901,538**	8,714,995
Tools and equipment - dies		**29,626,370**	66,927,662
Building and construction work		**1,281,545**	-
	4.2.1	**109,809,453**	75,642,657

4.2.1 Movement in capital work-in-progress is as follows:

	30 June 2017	30 June 2016
Balance at beginning of the year	**75,642,657**	35,404,721
Additions during the year	**115,226,85**4	46,677,051
Transferred to operating property, plant and equipment	**(81,060,058)**	(6,439,115)
Balance at end of the year	**109,809,453**	75,642,657

4.2.2 This includes advance paid by a subsidiary Company (Hi-tech) to "National Industrial Parks Development and Management Company" amounting to Rs. 75.6 million as first installment against purchase of 12 acres plot at Bin Qasim Industrial Park ('the Industrial Park'). The Industrial Park is included in the list of Special Economic Zones for which 100 percent tax exemption is available for a period of ten years beginning with the month and year in which the industrial undertaking is set up or commercial operation commenced, whichever is later. The total price of the plot amounts to Rs. 216.108 million. Possession of the allotted plot shall be handed over via a license agreement.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2017

5. INTANGIBLE ASSETS

	30 June 2017							
	Cost			Useful life	Amortization			Net book value as at 30 June 2017
	As at 1 July 2016	Addition / (disposal)	As at 30 June 2017		As at 1 July 2016	For the year	As at 30 June 2017	
	(Rupees)			Years	(Rupees)			
Computer software and licenses	13,065,125	1,782,602	14,847,727	3	12,317,131	441,961	12,759,092	2,088,635

	30 June 2016							
	Cost			Useful life	Amortization			Net book value as at 30 June 2016
	As at 1 July 2015	Addition / (disposal)	As at 30 June 2016		As at 1 July 2015	For the year	As at 30 June 2016	
	(Rupees)			Years	(Rupees)			
Computer software and licenses	12,184,897	880,228	13,065,125	3	12,184,896	132,235	12,317,131	747,994

5.1 The cost of fully amortised intangible amounts to Rs. 12.185 million (30 June 2016: Rs. 12.185 million).

6. LONG TERM INVESTMENTS

	Note	30 June 2017	30 June 2016
		(Rupees)	
Interests in equity-accounted investees			
Treet Corporation Limited	6.1	**390,907,283**	377,916,410
Held to maturity			
Investment in Pakistan Investment Bonds	6.2	**248,118,146**	-
		639,025,429	377,916,410

6.1 Interests in equity-accounted investees

The following associate, over which the Parent Company has significant influence due to common directorship, is accounted for using equity method of accounting as defined in IAS-28 "Investment in Associates".

30 June 2017	30 June 2016		Note	30 June 2017	30 June 2016
(Number of shares)				(Rupees)	
		Listed			
		Treet Corporation Limited	6.1.1	**390,907,283**	377,916,410
7,748,885	7,620,680	(Chief Executive Officer - Syed Shahid Ali)			

The above figures are based on un-audited condensed interim financial information of Treet Corporation Limited for the nine months period ended 31 March 2017 and twelve months period for the year ended 30 June 2016.

6.1.1 Movement

	Note	30 June 2017	30 June 2016
		(Rupees)	
Balance at beginning of the year		**377,916,410**	368,544,268
Conversion from participation term certificate into ordinary shares		**7,582,410**	7,582,410
Share of profit for the period / year - net		**13,029,143**	12,563,481
Share of other comprehensive income for the period / year - re-measurement of defined benefit liability		**-**	(3,281,274)
Less: dividend received during the year		**(7,620,680)**	(7,492,475)
Balance at end of the year		**390,907,283**	377,916,410
Equity held at end of the year		**5.46%**	5.53%

6.1.2 Market value of investment in associate is as follows:

Listed		
Treet Corporation Limited	**440,756,579**	376,690,212

Holding in associate as at 30 June 2017 is 5.46% (30 June 2016: 5.53%).

6.1.3 Summarised financial information based on consolidated financial statements of associated company is as follows:

Investee company - Treet Corporation Limited	Total assets	Total liabilities	Revenues	Profit after tax
	(Rupees in '000)			
31 March 2017 - 9 months period ended (un-audited)	**15,359,761**	**5,721,793**	**6,254,707**	**226,381**
30 June 2016 - 12 months year ended (audited)	12,544,366	3,745,672	7,615,231	214,314

6.1.4 The above investments include 7,620,680 shares having an aggregate market value of Rs. 433.464 million, which have been kept in broker's sub-account.

6.2 Investment in Pakistan Investment Bonds - held to maturity

Issue date	Rate	Tenor	Maturity	Face value: As at 1 July 2016	Face value: Purchase during the year	Face value: Matured during the year	Face value: As at 30 June 2017	Amortized cost as at 30 June 2017
29 December 2016	7.75%	5 Years	29 December 2021	-	80,000,000	-	80,000,000	87,014,953
21 April 2016	8.75%	10 Years	21 April 2026	-	100,000,000	-	100,000,000	106,218,368
21 April 2016	8.25%	10 Years	21 April 2026	-	54,515,899	-	54,515,899	54,884,825
				-	234,515,899	-	180,000,000	248,118,146

6.2.1 The fair value of these investment as at 30 June 2017 amounts to Rs. 234.03 million.

7. STOCK-IN-TRADE

	Note	30 June 2017	30 June 2016
		(Rupees)	
Raw material and components	7.2	**933,433,474**	897,990,349
Work-in-process		**140,014,359**	142,503,010
Finished goods	7.3	**110,143,067**	66,570,963
		1,183,590,900	1,107,064,322
Provision for slow-moving and obsolescence	7.1	**(1,623,406)**	-
		1,181,967,494	1,107,064,322

7.1 Provision for slow-moving and obsolescence

	Note	30 June 2017	30 June 2016
Opening balance		**-**	696,227
Charge for the year	24	**1,623,406**	-
Written off during the year		-	(696,227)
Closing balance		**1,623,406**	-

7.2 This includes raw material in transit and in possession of the subsidiaries as at 30 June 2017 amounting to Rs. 216.58 million (30 June 2016: Rs. 201.658 million) and Rs. 328 million (30 June 2016: Rs. 116.322 million) respectively.

7.3 This includes finished goods in possession of the subsidiaries as at 30 June 2017 amounting to Rs. 36.12 million (30 June 2016: Rs. 42.614 million).

8. TRADE DEBTS - net

	Note	30 June 2017	30 June 2016
		(Rupees)	
Unsecured			
Considered good		**223,972,326**	213,888,667
Considered doubtful		**-**	405,606
		223,972,326	214,294,273
Bad debts written off		**-**	(405,606)
Provision for doubtful debts	8.1	**-**	-
	8.2	**223,972,326**	213,888,667

8.1 Provision for doubtful debts

	30 June 2017	30 June 2016
Opening balance	**-**	30,219,591
Charge for the year	**-**	-
Written off during the year	**-**	(30,219,591)
Closing balance	**-**	-

8.2 For ageing of trade debts, refer note 33.2.

9. LONG TERM LOANS AND RECEIVABLE

	Note	30 June 2017	30 June 2016
		(Rupees)	
Long term portion of receivable of assets sold	9.1	**26,682,402**	-
Long term portion of loan to employees	10.1	**703,880**	-
		27,386,282	-

9.1

	Note	30 June 2017	30 June 2016
Gross receivable against sale of dies		**73,166,208**	-
Less: Effect of discounting	9.1.2	**(4,896,016)**	-
Present value of receivable of dies sold	4.1.4	**68,270,192**	-
Unwinding of discount	27	**1,105,361**	-
Less: Installments received during the year		**(9,145,776)**	-
		60,229,777	-
Less: Current portion		**(33,547,375)**	-
Long term portion of receivable		**26,682,402**	-

9.1.1 This represents receivable against sale of dies to a customer. The amount will be recovered over a period of two years, with no mark-up.

9.1.2 This represents discounting at the rate of 6.8%.

10. LOANS AND ADVANCES

	Note	30 June 2017	30 June 2016
Loans to employees - considered good and unsecured	10.1	**4,453,714**	3,131,635
Loans to workers - considered good and unsecured	10.2	**7,387,375**	6,125,831
Advance salary		**3,079,266**	37,170,734
Advance to suppliers		**77,493,372**	104,325,851
		92,413,727	150,754,051

10.1 Loans to employees - considered good and unsecured

	Note	30 June 2017	30 June 2016
Loans to employees	10.1.1	**5,157,594**	3,131,635
Less: Long term portion		**(703,880)**	-
Current portion of loans to employees		**4,453,714**	3,131,635

10.1.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 10% (30 June 2016: 10%) per annum.

10.2 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 10% (30 June 2016: 10%) per annum.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Unclaimed input sales tax	11.1	**165,682,070**	155,225,758
Trade and other deposits		**13,985,675**	14,622,909
Prepayments - provident fund		**5,524,464**	-
Prepayments		**3,121,097**	3,356,025
Other receivables		**3,161,503**	6,600,323
		191,474,809	179,805,015

11.1 This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

12. TAXATION - net

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Advance tax net of provision		**175,784,003**	150,106,918

12.1 Subsequent to the year end, refunds aggregating to Rs. 45.72 million have been received in respect of tax years 2013, 2014 and 2015.

13. INVESTMENTS

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
At fair value through profit or loss - at initial recognition	13.1	**54,688,529**	44,430,355
Available-for-sale	13.2	**52,747,744**	42,827,430
		107,436,273	87,257,785

13.1 At fair value through profit or loss - at initial recognition

	Note	30 June 2017	30 June 2016
Ordinary shares	13.1.1	**1,146,573**	613,463
Participation term certificates	13.1.2	**47,527,425**	42,124,508
Units of mutual funds	13.1.3	**6,014,531**	1,692,384
		54,688,529	44,430,355

13.1.1 Ordinary shares - listed

30 June 2017 (Number of shares)	30 June 2016 (Number of shares)	Name of investee company Ordinary shares - Quoted	30 June 2017 Carrying value	30 June 2017 Market value	30 June 2017 Unrealised gain	30 June 2016 Market value
			(Rupees)			
1	1	Agriautos Industries Limited	195	431	236	195
1	1	Al-Ghazi Tractors Limited *	425	644	219	425
1	1	Atlas Battery Limited	582	900	318	582
1	1	Atlas Honda Limited	370	604	234	370
1	1	The General Tyre & Rubber Company of Pakistan Limited	178	304	126	178
1	1	Honda Atlas Cars (Pakistan) Limited	366	868	502	366
1	1	Thal Limited *	280	606	326	280
230	230	Baluchistan Wheels Limited	18,630	34,270	15,640	18,630
315	315	Ghandhara Nissan Limited	49,187	70,875	21,688	49,187
150	150	Hino Pak Motors Limited	143,370	196,500	53,130	143,370
200	200	Indus Motor Company Limited	186,906	358,800	171,894	186,906
272	272	Millat Tractors Limited	156,030	373,848	217,818	156,030
63	63	Oil & Gas Development Company Limited	8,782	8,863	81	8,782
127	127	Pak Suzuki Motor Company Limited	48,162	99,060	50,898	48,162
			613,463	1,146,573	533,110	613,463

13.1.2 Participation term certificate (PTC) - listed

	Note	30 June 2017 Carrying value	30 June 2017 Market value	30 June 2017 Unrealised gain / (loss)	30 June 2016 Market Value
		(Rupees)			
Treet Corporation Limited (note 13.1.2.2)	13.1.2.1	34,267,373	47,527,425	13,260,052	42,124,508

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited and Thal Limited which have a face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

13.1.2.1 Movement in carrying value of PTC is as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Opening balance		**42,124,508**	115,957,230
Purchased during the year		**-**	32,136
Principal cash redemption	13.1.2.2	**(274,725)**	(274,725)
Principal conversion to ordinary shares	13.1.2.2	**(7,582,410)**	(7,582,410)
		34,267,373	108,132,231
Unrealised gain / (loss) for the year		**13,260,052**	(66,007,723)
Closing balance		**47,527,425**	42,124,508

13.1.2.2 These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million, respectively (also refer note 6.1.1).

13.1.3 Units of mutual funds

Name of Fund	As at 01 July 2016	Purchases during the year	Sales during the year	As at 30 June 2017	Carrying value as at 30 June 2017	Market Value as at 30 June 2017	Unrealised gain / (loss) as at 30 June 2017
	30 June 2017						
	Number of units				(Rupees)		
NAFA Islamic Asset Allocation Fund	108,542	-	(108,542)	-	**-**	**-**	**-**
NAFA Riba Free Savings Fund	-	14,109	-	14,109	**144,567**	**143,745**	**(822)**
NAFA Islamic Active Allocation Plan IV	-	16,180	-	16,180	**1,676,010**	**1,755,296**	**79,286**
NAFA Islamic Active Allocation Plan VI	-	43,571	-	43,571	**4,509,636**	**4,115,490**	**(394,146)**
					6,330,213	**6,014,531**	**(315,682)**

Name of Fund	As at 01 July 2015	Purchases during the year	Sales during the year	As at 30 June 2015	Carrying value as at 30 June 2016	Market Value as at 30 June 2016	Unrealised gain / (loss) as at 30 June 2016
	30 June 2016						
	Number of units				(Rupees)		
NAFA Islamic Asset Allocation Fund	-	108,542	-	108,542	1,746,566	1,692,384	(54,182)

13.2 Available-for-sale

The Group holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

30 June 2017	30 June 2016	Name of investee company Ordinary shares - listed	Cost	Market value	Unrealised gain	Market value
			30 June 2017			30 June 2016
(Number of shares)			(Rupees)			
235,386	235,386	Tri-Pack Films Limited	**17,188,363**	**52,726,464**	**35,538,101**	42,814,360
152	152	ZIL Limited	**5,330**	**21,280**	**15,950**	13,070
			17,193,693	**52,747,744**	**35,554,051**	42,827,430

13.2.1 Unrealized gain on re-measurement of available-for-sale investments

	30 June 2017	30 June 2016
	(Rupees)	
Market value of investments	**52,747,744**	42,827,430
Less: Cost of investments	**17,193,693**	17,193,693
	35,554,051	25,633,737
Less: Unrealized gain on re-measurement of available-for-sale investments at beginning of the year	**25,633,737**	23,047,509
	9,920,314	2,586,228

13.2.2 The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 40.768 million have been pledged with financial institutions as securities against borrowing facilities.

14. CASH AND BANK BALANCES

	Note	30 June 2017	30 June 2016
		(Rupees)	
Term deposit receipts	14.1	**282,855,000**	-
Cash in hand		**836,308**	1,321,036
With banks			
- in current accounts		**17,022,400**	2,434
- in saving account	14.2	**42,407,638**	17,374,882
		59,430,038	17,377,316
		343,121,346	18,698,352

14.1 This represents term deposit receipts placed at the rate ranging from of 5.7% to 6% per annum having original maturity of less than three months.

14.2 This carry mark-up at the rate of 3.75% (30 June 2016: Nil) per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015.

In view of above stated facts and opinion of legal advisor, the Group is confident of a favourable outcome. However, the Group has recorded a full provision of Rs. 3.25 million (30 June 2016: Rs. 0.83 million) in the consolidated financial statements.

15.1.2 A lawsuit has been filed against a subsidiary company, SAIL (the subsidiary) by Pakistan Steel Mills (PSM) claiming possession of the leasehold land of the subsidiary on the grounds that no objection certificate was not obtained from PSM when the subsidiary purchased suit property in court auction. However, the subsidiary's lawyer is of the view that no condition about specific use was imposed upon the subsidiary when it purchased the suit property in court auction. Further, the subsidiary is manufacturing autoparts for the last eight years which is in the knowledge of PSM. Furthermore, the action of PSM is unjustifiable and also contrary to law in as much as no show cause notice was given to the subsidiary. The Honourable Court has restrained PSM from dispossessing the subsidiary from the suit property. The Group based on lawyer's advice is confident of a favourable outcome.

15.1.3 On 20 March 2015, a subsidiary company, SMPL (the subsidiary) received show cause notice under section 21(2) of the Sales Tax Act, 1990 from Federal Board of Revenue (FBR) for non-filing of sales tax returns for six consecutive months. The subsidiary replied for the aforesaid notice that it is in the process of changing sales tax status from manufacturer to distributor and has filed application for change in particulars / status several times but applications were rejected owing to delay in filing of requisite documents. Finally, the application filed on 10 March 2015 was acknowledged by FBR and forwarded for verification and subsequently no further order was received from tax authorities. The management of the Group is confident that no liability arises in respect of non-filing of sales tax return and therefore, no provision is required to be made in these consolidated financial statements.

15.1.4 Two ex-employees / workers filed cases in the Sindh Labour Court for their reinstatement which were dismissed by the Court. The workers have filed appeals against such order in Honourable Sindh Labour Appellate Tribunal at Karachi, one of which has been dismissed. The Parent Company in consultation with its legal advisor is confident that outcome of the above case received will be in their favour. Therefore, no provision has been recognized in the consolidated financial statements.

15.1.5 On 20 October 2015, subsidiary companies, SAIL and MAIL (the subsidiaries) received a notice on "Scrutiny of Sales Tax Profile" from Sindh Revenue Board (SRB) for non-filing of Sindh Sales Tax Return from July 2015 onwards. The Company submitted its response on 29 October 2015, clarifying that after an amendment in the Federal Finance Act 2015, "toll manufacturing" activity is now included in the definition of "supplies" for chargeability of federal sales tax. Therefore, since revenue of the Company is solely from toll manufacturing activity, the Company started paying federal sales tax from July 2015 and accordingly, "Nil" Sales Tax Returns are being filed with SRB.

15.1.6 Tax related contingencies are disclosed in note 29.

15.1.7 Guarantees provided by the banks amounted to Rs. 0.45 million (30 June 2016: Rs. 0.45 million) to Sui Southern Gas Company Limited in favour of the Parent Company.

15.2 Commitments

15.2.1 Commitments in respect of letters of credit amounted to Rs. 443.902 million (30 June 2016: Rs. 332.038 million).

15.2.2 Capital commitments amounts to Rs. 140.5 million against purchase of plot of land (note 4.2.2).

16. PRELIMINARY EXPENSES

This represents expenses incurred for the purpose of listing, written off from share premium account in accordance with the section 83(2)(a) of the Companies Ordinance, 1984. Breakup of preliminary expenses are as follows:

	30 June 2017	30 June 2016
	(Rupees)	
Advisory and arrangement fee for IPO	**65,829,951**	-
Brokerage commission	**16,635,710**	-
Underwriting commission	**7,381,250**	-
Advertisement and printing expense	**9,266,369**	-
Regulatory charges	**2,098,986**	-
Bank commission	**2,886,115**	-
Other expenses	**549,041**	-
	104,647,422	-

17. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2017	30 June 2016		30 June 2017	30 June 2016
(Number of shares)			(Rupees)	
53,770,000	3,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**537,700,000**	37,700,000
83,730,000	71,230,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**837,300,000**	712,300,000
137,500,000	75,000,000		**1,375,000,000**	750,000,000

17.1 Syed Shahid Ali (Chairman) holds 57,108,975 number of ordinary shares (30 June 2016: 51,917,250) comprising 41.53% (30 June 2016: 69.22%) and Treet Corporation Limited (associate company) holds 17,177,325 number of ordinary shares (30 June 2016: 15,615,750) comprising 12.49% (30 June 2016: 20.82%).

17.2 Movement in number of ordinary shares is as follows:

	30 June 2017	30 June 2016
	(Rupees)	
Ordinary shares at beginning of the year	**75,000,000**	75,000,000
Issue of ordinary shares at the rate of Rs. 34 per share	**50,000,000**	-
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)	**12,500,000**	-
Ordinary shares at end of the year	**137,500,000**	75,000,000

17.2.1 During the year, the Parent Company issued 50 million shares in respect of Initial Public Offering at the price of Rs. 34 per share.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2017			30 June 2016		
	Minimum Lease Payments	Finance charges	Principal outstanding	Minimum Lease Payments	Finance charges	Principal outstanding
	(Rupees)					
Not later than one year	**14,303,353**	**1,045,265**	**13,258,088**	17,631,059	1,530,699	16,100,360
Later than one year but not later than five years	**9,361,906**	**426,888**	**8,935,018**	19,993,568	1,248,157	18,745,411
	23,665,259	**1,472,153**	**22,193,106**	37,624,627	2,778,856	34,845,771

18.1 These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates include finance charge at fixed rate of 9% (30 June 2016: 9%) and variable rates ranging from 6 months KIBOR plus 2% to 5.5% per annum (30 June 2016: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi-annual basis for future rentals. These leases have maturities from September 2017 to February 2020 (30 June 2016: September 2016 toFebruary 2020).

19. DEFERRED TAX LIABILITIES

19.1 Deferred tax comprises of:

	30 June 2017	30 June 2016
	(Rupees)	
Taxable temporary differences arising in respect of:		
- Accelerated tax depreciation	**84,693,561**	68,064,139
- Finance lease arrangements	**-**	5,461,712
- Provision for unrealised gain on re-measurement of investments at fair value through profit or loss		-
- Share of profit from associated company	**8,438,194**	6,765,930
Deductible temporary differences arising in respect of:		
- Finance lease arrangements	**(980,390)**	-
- Provision against slow-moving stock-in-trade	**(487,022)**	(215,830)
- Provision against compensated absences	**(3,203,467)**	(2,426,623)
- Provision for bad debts	**-**	(125,738)
- Re-measurement of defined benefit liability	**(2,871,737)**	(1,807,188)
	85,589,139	75,716,402

19.2 Movement:

	30 June 2017				30 June 2016			
	Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2017	Balance at 1 July 2015	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2016
	(Rupees)							
Taxable temporary differences								
- Accelerated tax depreciation	**68,064,139**	**16,629,422**	**-**	**84,693,561**	54,255,210	13,808,929	-	68,064,139
- Finance lease arrangements	**5,461,712**	**(6,442,102)**	**-**	**(980,390)**	8,531,989	(3,070,277)	-	5,461,712
- Provision for unrealised gain on re-measurement of investments at fair value through profit or loss	**-**	**-**	**-**	**-**	18,918,441	(18,918,441)	-	-
- Share of profit from associated company	**6,765,930**	**1,672,264**	**-**	**8,438,194**	6,535,587	230,343		6,765,930
Deductible temporary differences								
- Provision against slow-moving stock-in-trade	**(215,830)**	**(271,192)**	**-**	**(487,022)**	(215,830)	-	-	(215,830)
- Provision against compensated absences	**(2,426,623)**	**(776,844)**	**-**	**(3,203,467)**	**(2,116,027)**	(310,596)	-	(2,426,623)
- Provision for bad debts	**(125,738)**	**125,738**	**-**	**-**	(125,738)	-	-	(125,738)
- Re-measurement of defined benefit liability	**(1,807,188)**	**-**	**(1,064,549)**	**(2,871,737)**	(1,385,836)	-	(421,352)	(1,807,188)
	75,716,402	**10,937,286**	**(1,064,549)**	**85,589,139**	84,397,796	(8,260,042)	(421,352)	75,716,402

20. EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2017 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, "Employee Benefits". The assumptions used in actuarial valuation are as follows:

20.1 Actuarial assumptions

	30 June 2017	30 June 2016
Financial assumptions		
- Discount rate used for year end obligation	**7.75%**	7.25%
- Discount rate used for interest cost in profit and loss account	**7.25%**	9.75%
- Expected rate of increase in salary level	**6.75%**	6.25%
Demographic assumptions		-
Mortality rate	**SLIC 2001 - 2005**	SLIC 2001 - 2005

20.2 Amount recognised in the balance sheet

		30 June 2017			30 June 2016		
		Executives	Non-Executives	Total	Executives	Non-Executives	Total
		(Rupees)					
Present value of defined benefit obligation	20.2.1	**33,364,832**	**12,930,821**	**46,295,653**	24,622,414	11,763,057	36,385,471
Fair value of plan assets	20.2.2	**(32,350,240)**	**(13,658,018)**	**(46,008,258)**	(28,836,289)	(12,398,328)	(41,234,617)
Net liability / (asset) at end of the year		**1,014,592**	**(727,197)**	**287,395**	(4,213,875)	(635,271)	(4,849,146)

20.2.1 Movement in present value of defined benefit obligation:

Opening balance	**24,622,414**	**11,763,057**	**36,385,471**	22,286,372	11,251,358	33,537,730
Current service cost	**1,540,551**	**454,089**	**1,994,640**	1,459,995	460,531	1,920,526
Interest cost	**1,769,979**	**812,937**	**2,582,916**	2,926,789	1,430,584	4,357,373
Benefits paid by the plan	**(417,830)**	**(1,100,270)**	**(1,518,100)**	(394,792)	(909,000)	(1,303,792)
Re-measurements loss / (gain) on obligation	**5,849,718**	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)
Closing balance	**33,364,832**	**12,930,821**	**46,295,653**	24,622,414	11,763,057	36,385,471

20.2.2 Movement in the fair value of plan assets:

		30 June 2017			30 June 2016		
		Executives	Non-Executives	Total	Executives	Non-Executives	Total
		(Rupees)					
Opening balance		**28,836,289**	**12,398,328**	**41,234,617**	28,171,187	11,708,465	39,879,652
Interest income		**2,090,631**	**898,879**	**2,989,510**	2,746,691	1,185,840	3,932,531
Contribution paid / (received) into / (from) the plan		**-**	**-**	**-**	394,792	1,817,000	2,211,792
Benefits paid by the plan		**(417,830)**	**(1,100,270)**	**(1,518,100)**	(394,792)	(909,000)	(1,303,792)
Re-measurements gain / (loss) on plan assets		**1,841,150**	**1,461,081**	**3,302,231**	(2,081,589)	(1,403,977)	(3,485,566)
Closing balance		**32,350,240**	**13,658,018**	**46,008,258**	28,836,289	12,398,328	41,234,617
20.2.3 Amounts recognised in the profit and loss account							
Current service cost		**1,540,551**	**454,089**	**1,994,640**	1,459,995	460,531	1,920,526
Interest cost		**1,769,979**	**812,937**	**2,582,916**	2,926,789	1,430,584	4,357,373
Interest income		**(2,090,631)**	**(898,879)**	**(2,989,510)**	(2,746,691)	(1,185,840)	(3,932,531)
Expense for the year		**1,219,899**	**368,147**	**1,588,046**	1,640,093	705,275	2,345,368
20.2.4 Amounts recognised in the other comprehensive income							
Re-measurement loss / (gain) on obligation	20.2.4.1	**5,849,718**	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)
Re-measurement of fair value of plan assets	20.2.4.2	**(1,841,150)**	**(1,461,081)**	**(3,302,231)**	2,081,589	1,403,977	3,485,566
Re-measurement loss / (gain) for the year		**4,008,568**	**(460,073)**	**3,548,495**	425,639	933,561	1,359,200
20.2.4.1 Re-measurement loss / (gain) on obligation:							
Loss / (gain) due to change in financial assumptions		**15,628**	**8,101**	**23,729**	(70,124)	(39,841)	(109,965)
Loss / (gain) due to change in experience adjustments		**5,834,090**	**992,907**	**6,826,997**	(1,585,826)	(430,575)	(2,016,401)
		5,849,718	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)
20.2.4.2 Re-measurement on plan assets - Net income / (expense) of plan assets over interest income:							
Actual return on plan assets		**3,931,781**	**2,359,960**	**6,291,741**	665,102	(218,137)	446,965
Interest income on plan assets		**(2,090,631)**	**(898,879)**	**(2,989,510)**	(2,746,691)	(1,185,840)	(3,932,531)
		1,841,150	**1,461,081**	**3,302,231**	(2,081,589)	(1,403,977)	(3,485,566)
20.2.5 Net recognized liability / (asset)							
Net asset at beginning of the year		**(4,213,875)**	**(635,271)**	**(4,849,146)**	(5,884,815)	(457,107)	(6,341,922)
Expense recognised in profit and loss account		**1,219,899**	**368,147**	**1,588,046**	1,640,093	705,275	2,345,368
Contribution (paid) / received (into) / from the plan		**-**	**-**	**-**	(394,792)	(1,817,000)	(2,211,792)
Re-measurement losses recognised in other comprehensive income		**4,008,568**	**(460,073)**	**3,548,495**	425,639	933,561	1,359,200
Net liability / (asset) at end of the year		**1,014,592**	**(727,197)**	**287,395**	(4,213,875)	(635,271)	(4,849,146)

20.3 Plan assets comprise of the following:

	30 June 2017		30 June 2016	
	Executives	Non-Executives	Executives	Non-Executives
	(Rupees)			
Government securities	**16,822,125**	**3,496,453**	28,426,814	11,748,656
Term deposit receipts	**32,350**	**13,658**	276,828	141,341
Equity shares	**13,457,700**	**8,891,370**	132,647	508,331
Others	**2,038,065**	**1,256,537**	-	-
Fair value of plan assets at end of the year	**32,350,240**	**13,658,018**	28,836,289	12,398,328

20.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2017 (Rupees)		30 June 2016 (Rupees)	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate +1%	**31,870,792**	**12,129,017**	23,270,431	10,966,899
Discount rate -1%	**35,061,024**	**13,811,730**	26,162,271	12,644,306
Salary increase +1%	**35,078,280**	**13,820,370**	26,178,023	12,652,955
Salary increase -1%	**31,828,872**	**12,106,595**	23,232,336	10,944,614

20.5 Expected charge for the year ending 30 June 2018 is Rs. 2,462,749.

20.6 Risks associated with defined benefit plans

a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

20.7 Historical information

	30 June				
	2015	2014	2013	2012	2011
	(Rupees)				
Present value of defined benefit obligation	33,537,730	31,474,360	27,152,096	-	-
Fair value of plan assets	(39,879,652)	(43,360,672)	(38,001,696)	(11,748,034)	(3,052,250)
Net liability	(6,341,922)	(11,886,312)	(10,849,600)	(11,748,034)	(3,052,250)

20.8 Gratuity for the year recognised in the profit and loss account has been allocated as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Cost of sales	24	**1,219,899**	1,640,093
Administrative and selling expenses	25	**368,147**	705,275
		1,588,046	2,345,368

21. SHORT TERM BORROWINGS

	Note	30 June 2017	30 June 2016
Secured			
Running finances under mark-up arrangements	21.1	**28,395,236**	967,794,488
Islamic financing		**-**	115,000,000
		28,395,236	1,082,794,488

21.1 Running finances under mark-up arrangements

	Note	30 June 2017	30 June 2016
		(Rupees)	
JS Bank Limited		**21,916,042**	249,698,059
Soneri Bank		**3,120,575**	109,250,470
Meezan Bank		**1,972,841**	178,203,397
Bank AL Habib Limited		**1,385,778**	226,946,535
United Bank Limited		**-**	56,373,008
Habib Bank Limited		**-**	15,195,747
		28,395,236	835,667,216
Soneri Bank - Local Bill discount		**-**	132,127,272
	21.1.1	**28,395,236**	967,794,488

21.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Parent Company, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 August 2017. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bankdues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.85% per annum (30 June 2016: 1 month KIBOR plus 1.25% to 6 month KIBOR plus 0.85% per annum).

The aggregate available short term funded facilities amounted to Rs. 1,970 million (30 June 2016: Rs. 1,430 million) out of which Rs. 1,941.605 million (30 June 2016: 462.205 million) remained unavailed as at the reporting date.

Facilities available for opening letters of credit / guarantees at 30 June 2017 amounted to Rs. 2,205.451 million (30 June 2016: Rs. 1,553 million) out of which Rs. 1,761.098 million (30 June 2016: Rs. 1,220.46 million) remained unutilized at the year end.

21.2 Unavailed facilities

The Islamic finance (Istisna) facility from Al Baraka Bank and Meezan Bank having limits of Rs. 400 million, for procurement of raw materials and manufacturing of mufflers, radiators and exhaust system. The whole amount of Rs. 400 million (30 June 2016: Rs. 200 million) remained unutilised at the year end. These facilities carry mark-up at 6 month KIBOR plus 1.25% per annum (30 June 2016: 6 month KIBOR plus 1 %) and is repayable maximum within 180 days of the disbursement date.

The facilities for import loans under mark-up arrangements with United Bank Limited amounted to Rs. 150 million (30 June 2016: Rs. 350 million). The whole amount of Rs. 150 million (30 June 2016: Rs. 350 million) remained unutilised at the year end.

The foreign currency import loans mark-up rates decided on case to case basis (30 June 2016: case to case basis). The loans are repayable within 180 days of the disbursement date. The facility remained unutilised at the year end.

The local currency import loans carry mark-up at rates ranging from 3 months KIBOR plus 1% per annum (30 June 2016: 3 months KIBOR plus 1.25% to 1.5% per annum). The loans are repayable within 180 days of the disbursement date. The facility remained unutilised at the year end.

The Parent Company also has an unutilised facility of forward cover from JS Bank Limited and Meezan Bank Limited, amounting to Rs. 66 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 12 months and the cover limit for JS Bank Limited is established is of 10 times of the actual limit i.e. Rs. 350 million.

21.3 The above facilities are secured by way of first pari pasu charge over stocks, book debts, plant, machinery, land and building and also by way of pledge of shares of associated company.

22 TRADE AND OTHER PAYABLES

Creditors		**173,607,391**	46,851,372
Accrued liabilities	22.1	**40,503,866**	11,918,535
Other liabilities			
Advance from customer		**13,188,422**	10,124,959
Mobilization advances	22.4	**22,862,201**	32,898,628
Workers' profit participation fund	22.2	**24,281,259**	17,140,765
Provision for compensated absences		**10,678,222**	7,827,815
Workers' welfare fund	22.3	**12,287,086**	9,499,132
Withholding tax payable		**4,398,920**	4,409,941
Security deposit from contractors		**262,000**	262,000
Payable to provident fund		**5,517,822**	4,159,715
Other payables		**5,980,603**	8,221,729
		313,567,792	153,314,591

22.1 This includes provision of Rs. 3.25 million in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since the Company has obtained stay order against levy of GID Cess (refer note 15).

22.2 Workers' profit participation fund

	Note	30 June 2017 (Rupees)	30 June 2016
Opening balance		**17,140,765**	20,876,909
Charge for the year	26	**20,312,659**	13,506,546
Interest charged during the year	28	**965,943**	1,187,615
		38,419,367	35,571,070
Less: Payments during the year		**(14,138,108)**	(18,430,305)
Closing balance		**24,281,259**	17,140,765

22.3 Workers' welfare fund

Opening balance		**9,499,132**	8,244,071
Charge for the year	26	**8,219,375**	5,804,840
Less: Payments during the year		**(5,431,421)**	(4,549,779)
Closing balance		**12,287,086**	9,499,132

22.4 This carry mark-up at the rate of 7.3% (30 June 2016: 7.3%).

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23 TURNOVER

	Note	30 June 2017	30 June 2016
		(Rupees)	
Local sales	23.1	**5,172,668,587**	4,761,220,041
Sales returns		**(18,670,578)**	(5,997,619)
		5,153,998,009	4,755,222,422
Sales tax		**(748,871,506)**	(719,564,135)
		4,405,126,503	4,035,658,287

23.1 This includes scrap sales amounting to Rs. 45.76 million (30 June 2016: Rs. 38.13 million)

24 COST OF SALES

	Note	30 June 2017	30 June 2016
Raw materials and components consumed	24.1	**3,111,377,807**	2,931,142,041
Ancillary materials consumed	24.2	**109,560,706**	75,510,711
Manufacturing expenses			
Salaries and wages		**265,572,231**	239,761,861
Other employees' benefits	24.3	**152,452,342**	86,636,266
Provident fund contribution		**2,222,310**	2,040,381
Toll manufacturing		**64,490,535**	47,202,194
Depreciation	4.1.3	**86,324,886**	50,890,174
Gas, power and water		**50,062,900**	45,762,064
Travelling and vehicle running cost		**10,926,984**	10,226,507
Insurance		**8,412,421**	5,718,936
Repairs and maintenance		**19,880,316**	18,486,531
Postage, telephone and telex		**2,673,991**	3,673,239
Provision for slow-moving and obsolescence	7.1	**1,623,406**	-
Inward freight and storage charges		**1,270,574**	671,661
Conveyance		**18,226,567**	16,095,228
Rent, rates and taxes		**2,371,217**	1,992,655
Printing, stationery and periodicals		**331,025**	914,348
Royalty expense	24.4	**1,557,933**	-
General expenses		**2,239,305**	2,342,103
Security services		**372,834**	357,692
Transferred to capital work-in-progress		**(13,322,519)**	(20,759,805)
Manufacturing cost		**677,689,258**	512,012,035
Opening stock of work-in-process		**142,503,010**	68,169,176
Closing stock of work-in-process	7	**(140,014,359)**	(142,503,010)
		2,488,651	(74,333,834)
Cost of goods manufactured		**3,901,116,422**	3,444,330,953
Opening stock of finished goods		**66,570,963**	90,102,753
Closing stock of finished goods	7	**(110,143,067)**	(66,570,963)
		(43,572,104)	23,531,790
		3,857,544,318	3,467,862,743

24.1 Raw material and components consumed

	Note	30 June 2017	30 June 2016
Opening inventory		**897,990,349**	782,578,700
Purchases		**3,146,820,932**	3,046,553,690
		4,044,811,281	3,829,132,390
Closing inventory	7	**(933,433,474)**	(897,990,349)
		3,111,377,807	2,931,142,041

24.2 Ancillary materials consumed

	30 June 2017 (Rupees)	30 June 2016
Opening inventory	**69,537,821**	46,727,368
Purchases	**108,669,042**	104,560,532
	178,206,863	151,287,900
Ancillary materials capitalised	**(14,551,717)**	(6,239,368)
	163,655,146	145,048,532
Closing inventory	**(54,094,440)**	(69,537,821)
	109,560,706	75,510,711

24.3 This includes a sum of Rs. 1.2 million (30 June 2016: Rs. 1.64 million) in respect of employee benefits gratuity.

24.4 This represents royalty amounting to Rs. 1.558 million payable to Futaba Industrial Company Limited inrespect of providing technical information and assistance for the manufacturing of exhaust system.

25. ADMINISTRATIVE AND SELLING EXPENSES

		30 June 2017 (Rupees)	30 June 2016
Salaries and wages		**83,980,525**	72,701,468
Other employees' benefits	25.1	**36,246,874**	24,348,943
Provident fund contribution		**1,707,367**	1,403,031
Advertising and sales promotion		**1,057,296**	5,532,580
Travelling and vehicle running cost		**9,839,441**	6,275,414
Outward freight		**17,830,361**	4,821,825
Depreciation	4.1.3	**7,770,091**	7,608,129
Amortisation	5	**441,961**	132,235
Legal and professional charges		**13,583,103**	7,586,201
Listing expenses		**-**	4,795,150
Postage, telephone and telex		**2,796,883**	2,273,081
Conveyance		**353,740**	1,305,212
Auditors' remuneration	25.3	**1,329,500**	2,334,575
Electricity		**1,130,120**	736,367
Repairs and maintenance		**343,049**	279,632
Entertainment		**351,853**	273,537
Printing, stationery and periodicals		**2,147,478**	270,717
Commission expense		**-**	142,456
Rent, rates and taxes		**-**	27,463
Insurance		**1,007,670**	594,933
Donation	25.2	**20,000**	140,000
Others	25.4	**3,328,633**	2,470,043
		185,265,945	146,052,992

25.1 This includes a sum of Rs. 0.37 million (30 June 2016: Rs. 0.705 million) in respect of employee benefits - gratuity.

25.2 None of the directors and their spouses have interest in donees.

25.3 Auditors' remuneration

	Note	30 June 2017	30 June 2016
		(Rupees)	
Audit fee		**950,000**	700,000
Fee for interim review		**200,000**	-
Fee for special audit / review for IPO		**-**	1,100,000
Fee from other reports		**75,000**	300,000
Out of pocket expenses		**104,500**	234,575
		1,329,500	2,334,575

25.4 This includes default surcharge along with penalty in respect of sales tax and income tax withholding and related matters amounting to Rs. 1.85 million and Rs. 0.21 million respectively.

26. OTHER EXPENSES

	Note	30 June 2017	30 June 2016
Workers' profit participation fund	22.2	**20,312,659**	13,506,546
Workers' welfare fund	22.3	**8,219,375**	5,804,840
		28,532,034	19,311,386

27. OTHER INCOME

	Note	30 June 2017	30 June 2016
Income from financial assets			
Interest income from Participation Term Certificates		**12,454,200**	12,032,955
Interest income on term deposit receipts		**13,125,160**	-
Dividend income	27.1	**2,469,712**	1,095,469
Interest income on Pakistan Investment Bonds		**3,981,476**	-
Un-winding of discount on sale of dies	9.1	**1,105,361**	-
Interest income on loan to employees		**1,819,246**	1,530,887
Interest income on saving accounts		**558,131**	116,794
Realised on gain on sale of investment		**76,404**	
Others		**202,999**	-
		35,792,689	14,776,105
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment	4.1.4	**24,300,942**	2,595,389
Recovery from debtors written off		**889,500**	-
Others		**2,208,920**	11,719
		27,399,362	2,607,108
		63,192,051	17,383,213

27.1 This includes dividend received from Tri-Pack Films Limited amounting to Rs. 2.35 million (30 June 2016: Rs. 0.91 million). The remaining amount being insignificant represents dividend received from Atlas Honda Limited, Indus Motor Company Limited, Agriauto Industries Limited, Baluchistan Wheels Limited, Atlas Battery Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Paksitan Limited, Hino Pak Motors Limited, Honda Atlas Cars (Pakistan) Limited, Ghandara Nissan Limited, NAFA Riba Free Savings Fund and NAFA Islamic Active Allocation Plan IV against investment as disclosed in note 13.

28. FINANCIAL CHARGES

	Note	30 June 2017	30 June 2016
		(Rupees)	
Mark-up on bank loans and borrowings		**33,595,731**	81,295,482
Exchange loss		**5,538,491**	16,772,910
Finance lease charges		**2,090,311**	2,125,614
Mark-up on mobilization advance		**2,046,396**	2,401,059
Commission and other charges		**1,514,503**	2,144,802
Interest on workers' profit participation fund	22.2	**965,943**	1,187,615
		45,751,375	105,927,482

29. TAXATION

	Note	30 June 2017	30 June 2016
Current		**67,498,133**	88,357,988
Prior		**(7,131,213)**	(485,638)
Deferred	19.2	**10,937,286**	(8,260,042)
		71,304,206	79,612,308

29.1 Reconciliation between tax expense and accounting profit

	Note	30 June 2017	30 June 2016
Profit before taxation		**377,731,505**	260,326,561
Tax at the applicable rate of 31% (2016: 32%)		**117,096,767**	83,304,500
Prior year charge		**(7,131,213)**	(485,638)
Tax effect of change in tax rates		**(2,442,465)**	(4,227,930)
Tax effect of share of profit from asssociate		**2,084,663**	1,570,435
Tax effect of tax credits	29.5	**(33,623,591)**	-
Tax effect of permanent differences		**(4,679,955)**	-
Others		**-**	(549,059)
		71,304,206	79,612,308

29.2 The returns of income tax have been filed up to and including tax year 2016. Except for tax year mentioned below, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

29.3 In the current year, the income tax return of the Parent Company for tax year 2016 was selected for audit by the Commissioner Inland Revenue. Deputy Commissioner had issued notice identifying several issues for proposed addition for which responses were filed taking various objections on point of law and facts. Proceedings in this regard have not yet been finalized, however, a provisional order was issued on 22 June 2017, reducing tax refundable by Rs. 5.5 million on account of unverified witholding tax and Rs. 3.4 million in respect of WWF aggregating to Rs. 8.9 million, for which a rectification appeal has been filed which is pending. The management along with its tax advisor are confident that outcome of the proceedings will be in favour of the Company. Accordingly, no provision has been recognized in these consolidated financial statements.

29.4 The income tax return of the Parent Company for tax year 2015 was selected for audit by the tax authorities. An amended Order was issued in which short credit of tax deducted and refund adjustment was allowed, and for which rectification application was moved. A rectification order was issued creating a refund which was received subsequent to the year end.

29.5 This represents tax credits under sections 65A, 65B and 65C on account of ninety percent sales to registered persons, purchase of plant and machinery and first year of listing of shares at Pakistan Stock Exchange Limited respectively.

29.6 In respect of tax year 2011, the Commissioner conducted audit of a subsidiary company (SAIL), which culminated in amended order u/s 122 (1)/(5) dated 28 June 2012 for a demand of Rs. 1,344,073. The subsidiary challenged the above amended order before the Commissioner Inland Revenue (Appeals), and received a relief vide a favourable Order on 29 January 2013, whereby demand was fully vacated. However, the tax department filed an appeal before Appellate tribunal challenging the order, which is pending for hearing. The management along with the tax consultant are confident that outcome of the case will be in their favour. Therefore, no provision has been recognised in these condolidated financial statements.

29.7 In respect of tax year 2016, a notice date 19 January 2017 was issued to a subsidiary company (SAIL), for monitoring of withholding tax by tax authorities to the Company. The Company has furnished the requisite documents to the tax authorities but proceedings have not yet been finalised.

29.8 In respect of year 2015, the Additional Commissioner (IR) dated 10 November 2016 created demand to a subsidiary company (SAIL) amounting to Rs. 12,565,894. The subsidiary company requested that the income tax demand may be adjusted by the refund available for the tax year 2013 and 2014 amounting to Rs. 5,136,794 and Rs. 5,884,877, The said refunds were allowed by the Commissioner Inland Revenue (CIR) and net demand of Rs. 1,544,233 was deposited by the Company on 16 May 2017.

29.9 In respect of tax year 2011 (corresponding to financial year ended 30 June 2011), the Commissioner has issued an intimation letter dated 25 July 2012 to another subsidiary company, MAIL for audit u/s 177 of Income Tax Ordinance, 2001 but no audit proceeding has yet been commenced.

29.10 In respect of tax year 2016, the Additional Commissioner issued notice dated 19 April 2017 to a subsidiary company (MAIL), identifying several issues for amendment of above deemed assessment, allegedly erroneous in so far as prejudical to interest of revenue, for which responses dated 02 May 2017 have been filed taking vaious objections on point of law and facts. However, proceedings have yet not been finalized. The management along with the tax consultant are confident that outcome of the case will be in their favour. Therefore, no provision has been recognised in these condolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

30. EARNINGS PER SHARE - basic and diluted

		30 June 2017	30 June 2016
		Rupees	
Profit after tax		**306,427,299**	180,714,253
			(Restated)
Weighted average number of ordinary shares outstanding during the year	Number	**120,773,973**	82,500,000
Earnings per share - basic and diluted	Rupees	**2.54**	2.19

30.1 Weighted average number of ordinary shares

	(Number)	
Issued ordinary shares at beginning of the year	**75,000,000**	75,000,000
Effect of ordinary shares issued during the year	**34,794,521**	-
Effect og bonus shares issued during the year	**10,979,452**	7,500,000
Weighted average number of ordinary shares at end of the year	**120,773,973**	82,500,000

31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are disclosed below:

	30 June 2017	30 June 2016
	(Rupees)	
Orient Trading Company (Private) Limited	-	114,666
Receivable from / (payable to) provident fund	**6,642**	(4,159,715)
Employee benefits - gratuity	**(287,395)**	4,849,146
For the year ended		
Expenses pertaining to Orient Trading Company (Private) Limited - net	-	88,940
Employee retirement benefits:		
- Expense for the year	**5,517,723**	5,788,780
- Contribution paid / (received) during the year	-	2,211,792
Treet Corporation Limited		
- Interest income	**12,454,200**	12,032,955
- Dividend income	**7,620,680**	3,281,274

The remuneration to key management personnel is given in note 36 to these consolidated financial statements.

32. CASH AND CASH EQUIVALENTS

	Note	30 June 2017 (Rupees)	30 June 2016
Cash and bank balances	14	**343,121,346**	18,698,352
Short term borrowings	21	**(28,395,236)**	(1,082,794,488)
		314,726,110	(1,064,096,136)

33. FINANCIAL RISK MANAGEMENT

The Group has exposure to following risks from its use of consolidated financial instrument:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

33.1 Risk management framework

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board is also responsible for developing and monitoring the Group's risk management policies.

33.2 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Group arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30 June 2017 (Rupees)	30 June 2016
Trade debts - unsecured	8	**223,972,326**	213,888,667
Loans	10	**72,774,746**	9,257,466
Deposits and other receivables	9 & 11	**17,147,178**	21,223,232
Investments	13.1.1	**53,541,956**	43,816,892
Bank balances and term deposit receipts	14	**342,285,038**	17,377,316
		709,721,244	305,563,573

Credit rating and collaterals

Bank balances and term deposit receipts are only held with reputable banks having sound credit ratings. The credit quality of Group's bank balances can be assessed with reference of external credit ratings as follows:

Bank	Rating Agency	Short term rating	30 June 2017 (Rupees)	30 June 2017 (%)
JS Bank Limited	PACRA	A1+	**101,000,000**	**29.5%**
Meezan Bank Limited	JCR-VIS	A1+	**61,383,439**	**17.9%**
Bank AL Habib Limited	JCR-VIS	A1+	**168,163,660**	**49.1%**
National Bank of Pakistan	PACRA	A1+	**7,599,689**	**2.2%**
Habib Bank Limited	JCR-VIS	A1+	**1,902,824**	**0.6%**
Summit Bank Limited	JCR-VIS	A1	**1,073,501**	**0.3%**
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	**312,407**	**0.2%**
Askari Bank Limited	PACRA	A1+	**134,000**	**0.0%**
MCB Bank Limited	PACRA	A1+	**99,057**	**0.0%**
United Bank Limited	JCR-VIS	A1+	**61,862**	**0.0%**
Habib Metropolitan Bank Limited	PACRA	A1+	**41,404**	**0.0%**
Bank Alfalah Limited	PACRA	A1+	**17,000**	**0.0%**
Soneri Bank Limited	PACRA	A1+	**496,195**	**0.1%**
			342,285,038	**100%**

Concentration of credit risk

Concentration of credit risk arise 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 indicate the relative sensitivity of the company's performance to developments affecting a particular industry. The Group is not significantly exposed to concentration of credit risk. All of the Group's receivables are from distributors of automotive industries.

Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2017 Gross	30 June 2017 Impairment	30 June 2017 Net	30 June 2016 Gross	30 June 2016 Impairment	30 June 2016 Net
	(Rupees)					
Less than or equal to 30 days	**192,439,859**	**-**	**192,439,859**	186,763,991	-	186,763,991
More than 30 days but not more than 60 days	**12,843,562**	**-**	**12,843,562**	8,158,696	-	8,158,696
More than 60 days	**18,688,905**	**-**	**18,688,905**	19,371,586	405,606	18,965,980
	223,972,326	**-**	**223,972,326**	214,294,273	405,606	213,888,667

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that trade debts past due do not require any impairment except as provided in these consolidated financial statements. Trade debts pertaining to three major customers of the Group aggregates to 74.17% as at 30 June 2017 (30 June 2016: 74.95%). No trade debts are outstanding with related parties.

33.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	30 June 2017					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	One year to three years
	(Rupees)					
Non-derivative financial liabilities						
Short term borrowing	**28,395,236**	**(28,824,004)**	**(14,342,434)**	**(14,481,570)**	**-**	**-**
Trade and other payables	**231,032,082**	**(231,032,082)**	**(173,607,391)**	**(57,424,691)**	**-**	**-**
Liabilities against assets subject to finance lease	**22,193,106**	**(23,665,259)**	**(1,191,946)**	**(2,383,892)**	**(10,727,515)**	**(9,361,906)**
Accrued mark-up on short term borrowings	**587,567**	**(587,567)**	**-**	**-**	**-**	**-**
Unclaimed dividend	**1,420,509**	**(1,420,509)**	**-**	**-**	**-**	**-**
	283,628,500	**(285,529,421)**	**(189,141,771)**	**(74,290,153)**	**(10,727,515)**	**(9,361,906)**

	30 June 2016					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	One year to three years
	(Rupees)					
Non-derivative financial liabilities						
Short term borrowing	1,082,794,488	(1,099,144,685)	(546,919,496)	(552,225,189)	-	-
Trade and other payables	75,081,451	(75,081,451)	(40,249,328)	(34,832,123)	-	-
Liabilities against assets subject to finance lease	34,845,771	(37,624,627)	(1,469,255)	(2,938,510)	(13,223,294)	(19,993,568)
Accrued mark-up on short term borrowings	18,373,782	(18,373,782)	-	-	-	-
	1,211,095,492	(1,230,224,545)	(588,638,079)	(589,995,822)	(13,223,294)	(19,993,568)

33.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Group is exposed to all of the three risks whichare as follows:

33.4.1 *Currency risk*

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2017			
	Rupees	USD	SGD	JPY
Creditors	128,508,982	827,140	32,535	41,813,310
Net balance sheet exposure	**128,508,982**	**827,140**	**32,535**	**41,813,310**

The following significant exchange rates applied during the year:

	Average rate		Balance sheet date rate	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
USD to Pak Rupees	**107.35**	109.41	**104.85**	104.83
SGD to Pak Rupees	**78.40**	81.00	**76.19**	77.93
JPY to Pak Rupees	**0.98**	1.08	**0.94**	1.02

Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2017 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

As at 30 June 2017	**Profit and loss**	**Equity**
	(Rupees)	
Effect of change in USD	**57,073**	57,073
Effect of change in SGD	**2,245**	2,245
Effect of change in JPY	**2,885,118**	2,885,118
Gross exposure	**2,944,436**	**2,944,436**

The Group does not have any foreign currency borrowing as at 30 June 2017.

33.4.2 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit and loss sharing account.

At balance sheet date, details of the interest rate profile of the Group's interest bearing financial instruments were as follows:

	30 June 2017	**30 June 2016**
	(Rupees)	
Variable rate instruments		
Financial assets	**54,952,607**	9,257,466
Financial liabilities	**(28,395,236)**	(1,130,321,913)
	26,557,371	(1,121,064,447)
Fixed rate instruments		
Financial assets	**390,612,202**	39,450,656
Financial liabilities	**(22,193,106)**	(14,954,584)
	368,419,096	24,496,072

Fair value sensitivity analysis of fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Group.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2016.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2017				
Cash flow sensitivity - variable rate instruments	**183,246**	**(183,246)**	**183,246**	**(183,246)**
As at 30 June 2016				
Cash flow sensitivity - variable rate instruments	(7,623,238)	7,623,238	(7,623,238)	7,623,238

33.4.3 *Other price risk*

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain.

As at 30 June 2017, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2016. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2016: 1%) and decreased by 1% (30 June 2016: 1%), with all other variables held constant and that the fair value of the Group's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2016: three years).

The impact below arises from the reasonable possible change in the fair value of listed equity securities:

Effect of increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

	30 June 2017	30 June 2016
	(Rupees)	
Effect on investments	**1,014,217**	872,578
Effect on profit and loss account	**486,740**	444,304
Effect on equity	**527,477**	428,274

Effect of decrease in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

Effect on investments	**(1,014,217)**	(872,578)
Effect on profit and loss account	**(486,740)**	(444,304)
Effect on equity	**(527,477)**	(428,274)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by1% with all other variables held constant and all the Group's equity instruments moved according tothe historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Group's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Group's assets of future movements in the level of KSE 100 index.

33.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's operations either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Group's staff have adequate training and experience and fosters effective communication related to operational risk management.

34. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

35.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		30 June 2017									
		Carrying amount						Fair value			
	Note	Fair value through profit	"Available-for-sale"	Held to maturity and others"	"Loans, receivables liabilities	Other financial	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value											
Equity securities		7,161,104	52,747,744	-	-	-	59,908,848	59,908,848	-	-	59,908,848
Participation Term Certificates		47,527,425	-	-	-	-	47,527,425	47,527,425	-	-	47,527,425
Financial assets - not measured at fair value											
Associate - listed shares		-	-	-	390,907,283	-	390,907,283	440,756,579	-	-	440,756,579
Debt securities		-	-	248,118,146	-	-	248,118,146	-	234,033,098	-	234,033,098
Trade debts	35.1.1	-	-	-	223,972,326	-	223,972,326				
Loans	35.1.1	-	-	-	72,774,746	-	72,774,746				
Deposits and other receivables	35.1.1	-	-	-	17,147,178	-	17,147,178				
Cash and bank balances	35.1.1	-	-	-	343,121,346	-	343,121,346				
		54,688,529	52,747,744	248,118,146	1,047,922,879	-	1,403,477,298				
Financial liabilities - not measured at fair value											
Short term borrowing	35.1.1	-	-	-	-	28,395,236	28,395,236				
Trade and other payables	35.1.1	-	-	-	-	231,032,082	231,032,082				
Liabilities against assets subject to finance lease	35.1.1	-	-	-	-	22,193,106	22,193,106				
Accrued mark-up on short term borrowings	35.1.1	-	-	-	-	587,567	587,567				
Unclaimed dividend	35.1.1	-	-	-	-	1,420,509	1,420,509				
		-	-	-	-	283,628,500	283,628,500				

		30 June 2016									
		Carrying amount						Fair value			
	Note	Fair value through profit	"Available-for-sale"	Held to maturity and others"	"Loans, receivables liabilities	Other financial	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value											
Equity securities		613,463	42,827,430	-	-	-	43,440,893	43,440,893	-	-	43,440,893
Participation Term Certificates		42,124,508	-	-	-	-	42,124,508	42,124,508	-	-	42,124,508
Financial assets - not measured at fair value											
Associate - listed shares		-	-	-	327,070,245	-	327,070,245	376,690,212	-	-	376,690,212
Trade debts	35.1.1	-	-	-	213,888,667	-	213,888,667				
Loans	35.1.1	-	-	-	6,583,614	-	6,583,614				
Deposits and other receivables	35.1.1	-	-	-	18,010,073	-	18,010,073				
Cash and bank balances	35.1.1	-	-	-	6,659,967	-	6,659,967				
		42,737,971	42,827,430	-	572,212,566	-	657,777,967				
Financial liabilities - not measured at fair value											
Short term borrowing	35.1.1	-	-	-	-	1,082,794,488	1,082,794,488				
Trade and other payables	35.1.1	-	-	-	-	51,669,947	51,669,947				
Liabilities against assets subject to finance lease	35.1.1	-	-	-	-	34,845,771	34,845,771				
Accrued mark-up on short term borrowings	35.1.1	-	-	-	-	18,373,782	18,373,782				
		-	-	-	-	1,187,683,988	1,187,683,988				

35.1.1 The Group has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the consolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group were as follows:

	Chief Executive		Directors		Executives		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Rupees)							
Managerial remuneration	**7,007,124**	6,014,225	**7,267,328**	5,311,006	**8,678,568**	7,382,157	**22,953,020**	18,707,388
House rent and utilities	**7,583,552**	6,507,914	**7,942,816**	5,806,977	**11,638,644**	9,177,609	**27,165,012**	21,492,500
Bonus	**5,200,000**	2,554,339	**5,400,000**	2,119,017	**6,772,405**	3,440,334	**17,372,405**	8,113,690
Medical	**536,848**	454,168	**738,379**	546,295	**1,681,624**	2,326,098	**2,956,851**	3,326,561
Contribution to retirement benefits funds	**700,352**	601,061	**174,468**	30,051	**434,208**	318,912	**1,309,028**	950,024
	21,027,876	16,131,707	**21,522,991**	13,813,346	**29,205,449**	22,645,110	**71,756,316**	52,590,163
Number of persons	**1**	1	**8**	8	**9**	8	**18**	17

36.1 The aggregate amount paid to directors in respect of attending board and other meetings was nil (30 June 2016: nil).

36.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements.

37. PROVIDENT FUND

The following information is based on latest unaudited financial statements of the fund:

	30 June 2017	30 June 2016
	(Un-audited) (Rupees)	
Size of the Fund	**63,586,471**	72,172,128
Cost of investment made	**54,479,372**	45,193,059
Fair value / amortised cost of investments	**69,110,935**	72,935,020
Percentage of investments made - based on fair value / amortised cost	**108.69%**	101.06%

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	Un-audited)			
	(Rupees)		(% of the size of the fund)	
Term Finance Certificates	**31,290,753**	72,136,298	**49.21%**	100%
Mutual Funds	**1,666,264**	798,722	**2.62%**	1%
Government bonds	**31,696,764**	-	**49.85%**	0%
Equity Securities	**4,457,154**	-	**7.01%**	0%
	69,110,935	72,935,020	**109%**	101%

The above investments out of provident fund have been made in accordance with the requirement of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The financial statements of the provident fund have not been audited since its inception.

38. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

39. STAFF STRENGTH

	"30 June 2017	"30 June 2016	"30 June 2017	"30 June 2016
	(Numbers) Permanent		(Numbers) Contractual	
Total number of employees	**374**	247	**1077**	1119
Average number of employees	**311**	243	**1098**	1081

40. OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Group as at 30 June 2017 are located in Pakistan. Sales to three major customers of the Group aggregates to 87.2% during the year ended 30 June 2017 (30 June 2016: 87.16%).

41. GENERAL

41.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up. Bank balances are placed with conventional banks in current and saving accounts. Other disclosures are included in notes 13 and 28.

41.2 Post Balance Sheet Non-Adjusting Event

The directors in their meeting held on 25 September 2017, have recommended final dividend of Re. 1 per share (30 June 2016: Re. 1 per share) in respect of year ended 30 June 2017 and have announced issue of bonus shares at the rate 10% (30 June 2016: 10%). Bonus shares will not be entitled to cash dividend.

These consolidated financial statements for the year ended 30 June 2017 do not include the effect of the above which will be accounted in the period in which it is approved.

41.3 Authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on 25 September 2017.

Chief Executive Officer

Director

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of **Loads Limited** ("the Company") as at 30 June 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated 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 accounts 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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

Date: 25 September 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Malik

Unconsolidated Balance Sheet

As at 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**543,670,690**	473,793,798
Intangible assets	5	**2,088,635**	747,994
Long term investments	6	**1,077,885,976**	627,070,245
Long term loan and receivable	9	**27,386,282**	-
Employee benefits - gratuity	20.2	**-**	4,849,146
		1,651,031,583	1,106,461,183
Current assets			
Stores and spares	25.2	**38,631,402**	51,209,992
Stock-in-trade	7	**1,181,967,494**	1,107,064,322
Trade debts - net	8	**223,972,326**	213,888,667
Loans and advances	10	**84,750,940**	132,963,316
Deposits, prepayments and other receivables	11	**186,635,679**	173,896,638
Current maturity of long term receivables	9.1	**33,547,375**	-
Taxation - net	12	**162,615,180**	143,468,552
Investments	13	**101,421,742**	85,565,401
Cash and bank balances	14	**215,971,176**	6,659,967
		2,229,513,314	1,914,716,855
Total assets		**3,880,544,897**	3,021,178,038
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (30 June 2016: 150,000,000) ordinary shares of Rs. 10 each		**2,000,000,000**	1,500,000,000
Issued, subscribed and paid up capital	17	**1,375,000,000**	750,000,000
Share premium		**1,095,352,578**	-
Unrealised gain on re-measurement of available-for-sale investments	13.2.1	**35,554,051**	25,633,737
Unappropriated profit		**637,288,686**	660,191,143
		3,143,195,315	1,435,824,880
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance lease	18	**8,935,018**	18,745,411
Deferred tax liabilities	19	**44,277,457**	36,088,975
Employee benefits - gratuity	20.2	**287,395**	-
		53,499,870	54,834,386
Current liabilities			
Current maturity of liabilities against assets subject to finance lease	18	**13,258,088**	16,100,360
Short term borrowings	21	**28,395,236**	1,082,794,488
Due to related parties - net	22	**379,190,363**	291,360,885
Trade and other payables	23	**260,997,949**	121,889,257
Unclaimed dividend		**1,420,509**	-
Accrued mark-up on short term borrowings		**587,567**	18,373,782
		683,849,712	1,530,518,772
Total equity and liabilities		**3,880,544,897**	3,021,178,038
CONTINGENCIES AND COMMITMENTS	15		

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

Chief Executive Officer

Director

Unconsolidated Profit and Loss Account

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
Turnover	24	**4,405,126,503**	4,035,658,287
Cost of sales	25	**(3,962,997,013)**	(3,595,414,693)
Gross profit		**442,129,490**	440,243,594
Administrative and selling expenses	26	**(163,110,365)**	(128,957,782)
		279,019,125	311,285,812
Other expenses	27	**(21,875,560)**	(11,077,029)
Other income	28	**69,719,563**	24,108,407
		47,844,003	13,031,378
Operating profit		**326,863,128**	324,317,190
Financial charges	29	**(67,732,343)**	(116,772,310)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	13.1	**13,793,162**	(66,069,635)
Profit before taxation		**272,923,947**	141,475,245
Taxation	30	**(43,342,458)**	(42,798,284)
Profit after taxation		**229,581,489**	98,676,961
			(Restated)
Earnings per share - basic and diluted	31	**1.90**	1.20

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

Chief Executive Officer

Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	**30 June 2017**	30 June 2016
		(Rupees)	
Profit after taxation		**229,581,489**	98,676,961
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit and loss			
Unrealised gain on re-measurement of available-for-sale investments	13.2.1	**9,920,314**	2,586,228
Items that will not be reclassified to profit and loss			
Loss on re-measurement of defined benefit liability	20.2.4	**(3,548,495)**	(1,359,200)
Related tax	19.2	**1,064,549**	421,352
		(2,483,946)	(937,848)
Total comprehensive income for the year		**237,017,857**	100,325,341

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

Chief Executive Officer

Director

Unconsolidated Cash Flow Statement

For the year ended 30 June 2017

	Note	30 June 2017	30 June 2016
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**272,923,947**	141,475,245
Adjustments for			
Depreciation	4.1	**83,264,704**	48,196,758
Amortisation	5	**441,961**	132,235
Provision for slow-moving and obsolescence	7.1	**1,623,406**	-
Mark-up expense	29	**57,924,980**	94,769,241
Finance lease charges	29	**2,090,311**	2,125,614
Provision for gratuity	20.2.3	**1,588,046**	2,345,368
Gain on disposal of property, plant and equipment	28	**(24,383,164)**	(2,595,389)
Interest income on investments	28	**(29,934,557)**	(12,032,955)
Dividend income	28	**(10,025,622)**	(8,450,004)
Un-winding of interest on long term receivables	28	**(1,105,361)**	-
Interest income on loan to employees	28	**(1,172,439)**	(1,018,340)
Unrealized (gain) / loss on re-measurement of investment classified as at fair value through profit or loss' - at initial recognition	13.1	**(13,793,162)**	66,069,635
		339,443,050	331,017,408
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		**12,578,590**	(18,552,695)
Stock-in-trade		**(76,526,578)**	(166,909,920)
Trade debts		**(10,083,659)**	6,983,060
Loans and advances		**47,508,496**	(57,217,033)
Deposits, prepayments and other receivables		**(12,739,041)**	11,215,197
		(39,262,192)	(224,481,391)
Increase / (decrease) in current liabilities			
Due to related parties - net		**66,846,625**	(67,336,918)
Trade and other payables		**137,062,296**	4,724,454
		203,908,921	(62,612,464)
Cash generated from operations		**504,089,779**	43,923,553
Mark-up paid		**(51,381,946)**	(80,137,441)
Gratuity paid		**-**	(2,211,792)
Interest received from loan to employees		**1,172,439**	1,018,340
Tax paid		**(53,236,055)**	(42,394,545)
Net cash generated from / (used in) operating activities		**400,644,217**	(79,801,885)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(188,497,476)**	(198,555,604)
Purchase of intangibles		**(1,782,602)**	(880,228)
Purchase of investments		**(192,958,596)**	(6,430,661)
Investment in subsidiary		**(250,000,000)**	-
Interest received		**29,934,557**	12,032,955
Dividend received		**10,025,622**	8,450,004
Proceeds from disposal of property and equipment		**10,719,876**	4,412,844
Net cash used in investing activities		**(582,558,619)**	(180,970,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(24,848,224)**	(18,318,501)
Proceeds from issue of share capital		**1,700,000,000**	-
Preliminary expenses	16	**(104,647,422)**	-
Dividend paid		**(123,579,491)**	-
Loan from subsidiary companies - unsecured		**(1,300,000)**	173,308,108
Net cash generated from financing activities		**1,445,624,863**	154,989,607
Net increase / (decrease) in cash and cash equivalents		**1,263,710,461**	(105,782,968)
Cash and cash equivalents at beginning of the year		**(1,076,134,521)**	(970,351,553)
Cash and cash equivalents at end of the year	33	**187,575,940**	(1,076,134,521)

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

Chief Executive Officer

Director

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Issued, subscribed and paid up capital	Share premium	Unrealised gain on re-measurement of available-for-sale investments	Unappro-priated profit	Total
				(Rupees)		
Balance as at 1 July 2015		750,000,000	-	23,047,509	562,452,030	1,335,499,539
Total comprehensive income for the year ended 30 June 2016						
Profit after taxation		-	-	-	98,676,961	98,676,961
Other comprehensive income		-	-	2,586,228	(937,848)	1,648,380
		-	-	2,586,228	97,739,113	100,325,341
Transactions with owners of the Company						
Contributions and distributions		-	-	-	-	-
Balance as at 30 June 2016		**750,000,000**	**-**	**25,633,737**	**660,191,143**	**1,435,824,880**
Total comprehensive income for the year ended 30 June 2017						
Profit after taxation		-	-	-	229,581,489	229,581,489
Other comprehensive income		-	-	9,920,314	(2,483,946)	7,436,368
		-	-	9,920,314	227,097,543	237,017,857
Transactions with owners of the Company						
Contributions and distributions						
Issue of 50,000,000 ordinary shares at the rate of Rs. 34 per share	17	500,000,000	1,200,000,000	-	-	1,700,000,000
Final dividend at the rate of 10% (i.e. Re. 1 per share) for the year ended 30 June 2016		-	-	-	(125,000,000)	(125,000,000)
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		125,000,000	-	-	(125,000,000)	-
		625,000,000	1,200,000,000	-	(250,000,000)	1,575,000,000
Preliminary expenses written off during the year	16	-	(104,647,422)	-	-	(104,647,422)
Balance as at 30 June 2017		**1,375,000,000**	**1,095,352,578**	**35,554,051**	**637,288,686**	**3,143,195,315**

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

Chief Executive Officer

Director

1. STATUS AND NATURE OF BUSINESS

1.1 Loads Limited ("the Company") was incorporated in Pakistan on 1 January 1979 as a private limited company. On 19 December 1993, the Company was converted to unlisted public limited company and subsequently on 1 November 2016, the shares of the Company were listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi.

1.2 The principal activity of the Company is to manufacture and sale of radiators, exhaust systems and other components for automotive industry.

1.3 There are four wholly owned subsidiaries and one associate (Treet Crorporation Limited). The details are as follows:

Name of the Company	Incorporation date	Principle line of business
Specialized Autoparts Industries (Private) Limited (SAIL)	2 June 2004	Manufacture and sell components for the automotive industry.
Multiple Autoparts Industries (Private) Limited (MAIL)	14 May 2004	Manufacture and sell components for the automotive industry.
Specialized Motorcycles (Private) Limited (SMPL)	28 September 2004	Acquire, deal in, purchase, import, sales, supply and export motorcycles and auto parts. The operations of SMPL have been ceased from 1 July 2015.
Hi-Tech Autoparts (Private) Limited (Hi-Tech)	13 January 2017	Manufacture modern autoparts, dies, moulds, and fabrication of different products.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 These unconsolidated 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, shall prevail.

2.1.2 The Companies Act, 2017 was enacted on 30 May 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention, except for investments classified as "investment at fair value through profit or loss" and "available for sale" which are measured at fair value and provision for staff gratuity which is stated at present value.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees which is also the functional currency of the Company and has been rounded to the nearest rupees.

2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting polices, management has made the following accounting estimates and judgments which are significant to the unconsolidated financial statements and estimates with a significant risk of material adjustment in future years are discussed below:

- Property, plant and equipment and intangibles (notes 3.1, 3.2, 4 and 5);
- Provision for impairment of stock-in-trade and stores and spares (notes 3.6, 3.7 and 7);
- Taxation (notes 3.14,19 and 30);
- Provision for impairment of financial and non-financial assets (note 3.5.5);
- Employees' benefits and compensated absences (notes 3.3 and 20)
- Classification and valuation of financial instruments (note 3.5)
- Contingencies (note 15)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards and the requirements of the Companies Act, 2017 will be effective for accounting periods beginning on or after July 01, 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.

  - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognitionof investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of transaction for purpose of determining exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, entity shall determine date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- As disclosed in note 2.1.2, the new requirements of the Companies Act, 2017, shall be applicable to the financial statements issued on or after June 30, 2017. Accordingly certain additional requirements / disclosures in Fourth Schedule are applicable to the financial statements of the Company. Significant disclosures / requirements, which are relevant to the Company includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and / or percentage of shareholding; particulars of the foreign shareholders, other than the natural person, holding more than 5% of paid-up capital; summary of significant transactions and events that have affected the financial position and performance during the year; additional disclosure in respect of contingencies, name of the Court, the date case was instituted, principal parties and factual basis of proceedings; management assessment of sufficiency of tax provision including comparisons of tax provision as per accounts with tax assessment for last three years; detailed disclosure regarding foreign shareholders and associated companies incorporated outside Pakistan; disclosure of the properties acquired and not held in name or in possession; change in the definition of 'executive' for the disclosure requirements regarding remuneration of executives and directors; disclosure of the loans and advances provided to directors and associates; additional disclosure in respect of security deposit payable; disclosure of royalties paid by the company and items such as, long term deposits and prepayment, unpaid dividend and unclaimed dividend shall be disclosed as a separate line items on the face of the financial statements.

The above amendments are not likely to have an impact on the Company's financial statements except for additional disclosures and reclassifications mentioned above.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure incurred is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the entity. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss account as incurred.

Depreciation

Depreciation charge is based on the reducing balance method at the rate specified in note 4.1.

Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalised while no depreciation is charged for the month in which the item is disposed off.

Depreciation methods and depreciation rates are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the profit and loss account.

Assets subject to finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset are classified as finance lease. Assets subject to finance lease are stated at amounts equal to the fair value at the inception of lease or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy for property, plant and equipment. The finance cost is charged to profit and loss account. Finance charges under the lease agreements is allocated over the periods during lease term so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each year.

3.2 Intangible assets

Intangible assets that are acquired by the Company and have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure \

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets. Cost associated with maintaining computer software products are recognised as an expense when incurred.

Amortisation

Amortisation is calculated to charge the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives specified in note 5 and is recognised in profit and loss account.

Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged in the month in which the asset is disposed off.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

3.3 Staff retirement and other service benefits

Defined benefit scheme - Gratuity

The Company operates a funded gratuity schemes separately for its management and non-management staff. Both the schemes cover all the employees with a qualifying service period of ten years.

The Company's net obligation in respect of defined benefit plans is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Compensated absences

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date.

Defined Contribution plan - Provident Fund

All permanent employees are covered under a recognized fund scheme. Equal monthly contributions are made by the Company and the employees to the Fund at the rate of 10% of basic salary for executive employees and 10% of basic salary plus cost of living allowance for non-executive employees.

3.4 Trade and other payables

Trade payable and other liabilities are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.5 Financial instruments

The Company classifies its financial assets into financial assets at 'fair value through profit or loss', available for sale', 'held-to-maturity' and 'loans and receivables'.

The Company classifies its financial liabilities into the other financial liabilities category.

3.5.1 Financial assets and financial liabilities - recognition and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

3.5.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.5.3 Financial assets - measurement

a) Financial assets at fair value through profit or loss

A financial asset is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial assets are designated as 'at fair value through profit or loss' if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial assets as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in profit and loss account.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b)Available for sale

These assets are initially measured at fair value plus any directly attributable transaction costs Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and accumulated in the unrealised gain on re-measurement of available for sale investments. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

c)Held-to-maturity

These assets are initially measured at fair value plus any directly attributable transaction costs Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

d)Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

3.5.4 Financial liabilities - measurement

All financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

3.5.5 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss. Impairment losses recognised in profit and loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit and loss.

A significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the profit and loss whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the profit and loss are not reversed subsequently in the profit and loss.

Non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Stores, spares and consumables

These are measured at lower of weighted average cost and net realisable value except items in transit which are stated at invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

3.7 Stock-in-trade

Stock in trade is measured at lower of cost and net realisable value. Cost is determined using weighted average cost formula and includes expenditure incurred in bringing / acquiring the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the costs necessary to be incurred to make the sale.

3.8 Trade debts, loans, advances, deposits and other receivables

Trade debts, loans, advances, deposits and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Loans, advances and other receivables considered irrecoverable are written off.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with banks. Short term borrowing facilities availed by the Company, which are repayable on demand form an integral part of the Company's cash management and are included as part of cash and cash equivalents for the purpose of the unconsolidated cash flow statement.

3.10 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.11 Investment in subsidiary

Investment in subsidiary company is stated at cost less provision for impairment, if any. These are classified as long term investment.

3.12 Investment in associate

Investment in associates is stated at cost less provision for impairment, if any. These are classified as long term investment.

3.13 Revenue recognition

- Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer.

- Mark-up on bank deposit is recognised on time apportioned basis using effective interest rate method.

- Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

- Unrealised gains / (losses) arising on revaluation of securities classified as 'at fair value through profit or loss' are included in profit and loss account in the period in which they arise.

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

3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of 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 realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the oreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Provisions

A provision is recognized in the unconsolidated balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure to settle the present obligation at the reporting date.

3.16 Dividend distribution and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves is recognised in the period in which these are approved. The distribution of dividend is subject to the covenant as mentioned in note 21.

3.17 Segment accounting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

The Chief Executive Officer reviews the Company as a single entity, therefore there are no segments.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.19 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity

4. PROPERTY, PLANT AND EQUIPMENT

	Note	30 June 2017	30 June 2016
		(Rupees)	
Operating property, plant and equipment	4.1	**512,393,898**	404,589,505
Capital work-in-progress	4.2	**31,276,792**	69,204,293
		543,670,690	473,793,798

4.1 Operating property, plant and equipment

	30 June 2017											
	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2017
	As at 01 July 2016	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2017		As at 01 July 2016	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2017	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	54,230,689	23,779,215	-	-	78,009,904	5	22,229,391	1,742,673	-	-	23,972,064	54,037,840
Plant and machinery	421,593,904	98,227,378		(1,050,000)	518,771,282	10 - 20	221,609,108	25,853,544	-	(815,651)	246,647,001	272,124,281
Tools and equipment	231,509,418	102,039,175	-	(51,738,400)	281,810,193	10 - 35	148,541,117	41,412,122	-	(6,608,409)	183,344,830	98,465,363
Furniture, fittings and office equipment	34,238,511	2,379,209	-	-	36,617,720	10 - 30	21,839,629	3,125,010	-	-	24,964,639	11,653,081
Vehicles	17,832,809		-	(808,000)	17,024,809	20	12,229,912	1,096,016	-	(711,212)	12,614,716	4,410,093
Leased												
Vehicles	67,702,667	10,105,248	-	-	77,807,915	20	22,239,110	10,035,339	-	-	32,274,449	45,533,466
	853,277,772	236,530,225	-	(53,596,400)	1,036,211,597		448,688,267	83,264,704	-	(8,135,272)	523,817,699	512,393,898

	30 June 2016											
	Cost					Rate	Accumulated depreciation					Net book value as at 30 June 2016
	As at 01 July 2015	Additions / transfers	Transfer from leased assets	(Disposals)	As at 30 June 2016		As at 01 July 2015	For the year	Transfer from leased assets	(Disposal)	As at 30 June 2016	
	(Rupees)					%	(Rupees)					
Owned												
Freehold land (note 4.1.1)	25,080,000	-	-	-	25,080,000	-	-	-	-	-	-	25,080,000
Leasehold land	1,089,774	-	-	-	1,089,774	-	-	-	-	-	-	1,089,774
Building on leasehold land	40,151,231	14,079,458	-	-	54,230,689	5	21,007,944	1,221,447	-	-	22,229,391	32,001,298
Plant and machinery	324,617,125	73,473,442	23,503,337	-	421,593,904	10 - 20	196,174,448	16,845,959	8,588,701	-	221,609,108	199,984,796
Tools and equipment	170,390,699	63,446,722	-	(2,328,003)	231,509,418	10 - 35	135,335,875	14,845,442	-	(1,640,200)	148,541,117	82,968,301
Furniture, fittings and office equipment	27,577,898	6,660,613	-	-	34,238,511	10 - 30	18,576,948	3,262,681	-	-	21,839,629	12,398,882
Vehicles	17,882,759	1,895,000	-	(1,944,950)	17,832,809	20	12,206,353	1,325,213	-	(1,301,654)	12,229,912	5,602,897
Leased												
Plant and machinery	23,503,337	-	(23,503,337)	-	-	10 - 20	6,772,821	1,815,880	(8,588,701)	-	-	-
Vehicles	50,626,693	19,876,674	-	(2,800,700)	67,702,667	20	15,673,318	8,880,136	-	(2,314,344)	22,239,110	45,463,557
	680,919,516	179,431,909	-	(7,073,653)	853,277,772		405,747,707	48,196,758	-	(5,256,198)	448,688,267	404,589,505

4.1.1 This represents a plot in Lahore amounting to Rs. 25.08 million (30 June 2016: Rs. 25.08 million) held by the Company for the expansion of business in future. Currently, this plot of land is not being used.

4.1.2 There are no fully depreciated assets at the reporting date as the Company is following reducing balance method.

4.1.3 Depreciation has been allocated as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Cost of sales	25	**76,257,747**	41,080,764
Administrative and selling expenses	26	**7,006,957**	7,115,994
		83,264,704	48,196,758

4.1.4 Details of property, plant and equipment disposed off

Details of operating property, plant and equipment disposed off during the year are as follows:

	30 June 2017						
	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars
				(Rupees)			
Owned							
Tools and equipment							
Dies (note 9.1)	51,738,400	6,608,409	45,129,991	68,270,192	23,140,201	Negotiation	Pak Suzuki - Karachi
Plant and machinery							
Die Spoting Press	1,050,000	815,651	234,349	837,300	602,951	Negotiation	FFF Traders - Karachi
Vehicle							
Suzuki Bolan - CR-7456	404,000	355,921	48,079	396,900	348,821	Negotiation	Muhammad Amir Khan - Karachi
Suzuki Bolan - CR- 9221	404,000	355,291	48,709	339,900	291,191	Negotiation	Muhammad Arif - Karachi
	53,596,400	8,135,272	45,461,128	69,844,292	24,383,164		

4.2 Capital work-in-progress

	Note	30 June 2017	30 June 2016
		(Rupees)	
Tools and equipment - dies		**29,626,370**	66,927,662
Advance against capital expenditure		**1,650,422**	2,276,631
	4.2.1	**31,276,792**	69,204,293

4.2.1 Movement in capital work-in-progress is as follows:

	30 June 2017	30 June 2016
Balance at beginning of the year	**69,204,293**	30,203,924
Additions during the year	**43,132,557**	45,439,484
Transferred to operating property, plant and equipment	**(81,060,058)**	(6,439,115)
Balance at end of the year	**31,276,792**	69,204,293

5. INTANGIBLE ASSETS

	30 June 2017							
	Cost			Useful life	Amortization			Net book value as at 30 June 2017
	As at 1 July 2016	Addition / (disposal)	As at 30 June 2017		As at 1 July 2016	For the year	As at 30 June 2017	
	(Rupees)			Years	(Rupees)			
Computer software and licenses	**13,065,125**	**1,782,602**	**14,847,727**	**3**	**12,317,131**	**441,961**	**12,759,092**	**2,088,635**

	30 June 2016							
	Cost			Useful life	Amortization			Net book value as at 30 June 2016
	As at 1 July 2015	Addition / (disposal)	As at 30 June 2016		As at 1 July 2015	For the year	As at 30 June 2016	
	(Rupees)			Years	(Rupees)			
Computer software and licenses	12,184,897	880,228	13,065,125	3	12,184,896	132,235	12,317,131	747,994

5.1 The cost fully amortised intangible amounts to Rs. 12.185 million (30 June 2016: Rs. 12.185 million).

6. LONG TERM INVESTMENTS

	Note	30 June 2017	30 June 2016
		(Rupees)	
Investments in subsidiary companies - unlisted	6.1	**575,000,000**	325,000,000
Less: Provision for impairment	6.1.3	**(25,000,000)**	(25,000,000)
Net investment in subsidiary companies		**550,000,000**	300,000,000
Investment in associate - listed			
Treet Corporation Limited	6.2	**334,652,655**	327,070,245
Held to maturity			
Investment in Pakistan Investment Bonds	6.3	**193,233,321**	-
		1,077,885,976	627,070,245

6.1 Investment in subsidiary companies

30 June 2017	30 June 2016		Note	30 June 2017	30 June 2016
(Number of shares)		**Unlisted**		(Rupees)	
17,500,000	17,500,000	Specialized Autoparts Industries (Private) Limited (SAIL) (Chief Executive - Munir K. Bana)	6.1.1	**175,000,000**	175,000,000
7,500,000	7,500,000	Multiple Autoparts Industries (Private) Limited (MAIL) (Chief Executive - Munir K. Bana)	6.1.2	**75,000,000**	75,000,000
7,500,000	7,500,000	Specialized Motorcycles (Private) Limited (SMPL) (Chief Executive - Munir K. Bana)	6.1.3	**75,000,000**	75,000,000
25,000,000	-	Hi Tech Autoparts (Private) Limited (Chief Executive - Munir K. Bana)	6.1.4	**250,000,000**	-
				575,000,000	325,000,000

6.1.1 Specialized Autoparts Industries (Private) Limited (SAIL) is engaged in the manufacturing and selling of components for the automotive industry. Presently, the Company is engaged in providing toll manufacturing services to its parent company. The net assets of SAIL, as disclosed in the latest audited financial statements for the year ended 30 June 2017, amounted to Rs. 312.594 million (30 June 2016: Rs. 263.419 million).

6.1.2 Multiple Autoparts Industries (Private) Limited (MAIL) is engaged in the manufacturing and selling of components for the automotive industry. Presently, the Company is engaged in providing toll manufacturing services to its parent company. The net assets of MAIL, as disclosed in the latest audited financial statements for the year ended 30 June 2017, amounted to Rs. 151.612 million (30 June 2016: Rs. 129.727 million).

6.1.3 Specialized Motorcycles (Private) Limited (SMPL) was engaged in the business to to acquire, deal in, purchase, import, sales, supply and export all sorts of motorcycles & auto parts, metallurgical parts, machinery and equipment parts. The Company has ceased its operations from 1 July 2015. The net assets of SMPL, as disclosed in the latest audited financial statements for the year ended 30 June 2017 amounted to Rs. 64.872 million (30 June 2016: Rs. 60.959 million).

6.1.3.1 The Company has maintained provision amounting to Rs. 25 million in respect of SMPL. The key information and ratios of SMPL are as follows:

		30 June 2017	30 June 2016
		(Rupees)	
Net equity	Rupees	**64,872,230**	60,959,395
Current ratio	Percentage	**96.7**	39.6
Cash flows	Rupees	**(360,448)**	(18,342,433)

6.1.4 Hi-Tech Autoparts (Private) Limited (Hi-Tech) is incorporated in the current year and has not yet commenced operations as it is in the process of purchasing land for eatblishment of an industrial unit (note 1.3). The net assets of Hi-Tech, as disclosed in the latest available audited financial statements for the year ended 30 June 2017, amounted to Rs. 247.881 million.

6.1.5 The Company holds 100% shares in all of its subsidiaries. Break-up value per share of investment in subsidiaries based on their latest audited financial statements for the year ended 30 June 2017 are as follows :

	Note	30 June 2017	30 June 2016
		(Rupees)	
Unlisted			
Specialized Autoparts Industries (Private) Limited		**17.86**	15.05
Multiple Autoparts Industries (Private) Limited		**20.23**	17.30
Specialized Motorcycles (Private) Limited		**8.65**	8.13
Hi-Tech Autoparts (Private) Limited		**9.92**	-

6.1.6 The face value of all the above companies is Rs. 10 per share.

6.2 Investment in associate

30 June 2017	30 June 2016	Listed	Note	30 June 2017	30 June 2016
(Number of shares)				(Rupees)	
7,748,885	7,620,680	Treet Corporation Limited (Chief Executive Officer - Syed Shahid Ali)	6.2.4	334,652,655	327,070,245

6.2.1 Market value of investment in associate is as follows:

Listed		
Treet Corporation Limited	**440,756,579**	376,690,212

6.2.2 The above investments include 7,620,680 shares having an aggregate market value of Rs. 433.464 million, which have been kept in broker's sub-account.

6.2.3 The Company's holding in associate of 5.46% (30 June 2016: 5.53%) is considered associate by virtue of common directorship i.e. (5 directors are common out of 8 directors).

6.2.4 During the year 128,205 shares amounting to Rs. 7.58 million were converted and issued to the Company at the rate of Rs. 59.14 per share, as per the prospectus of participation term certificate issued by Treet Corporation Limited (note 13.1.2).

6.3 Investment in Pakistan Investment Bonds - held to maturity

Issue date	Rate	Tenor	Maturity	Face value: As at 1 July 2016	Face value: Purchase during the year	Face value: Matured during the year	Face value: As at 30 June 2017	Amortized cost as at 30 June 2017
29 December 2016	7.75%	5 Years	29 December 2021	-	80,000,000	-	80,000,000	87,014,953
21 April 2016	8.75%	10 Years	21 April 2026	-	100,000,000	-	100,000,000	106,218,368
				-	180,000,000	-	180,000,000	193,233,321

6.3.1 The fair value of these invetsment as at 30 June 2017 amounts to Rs. 181.999 million.

7. STOCK-IN-TRADE

	Note	30 June 2017	30 June 2016
		(Rupees)	
Raw material and components	7.2	**933,433,474**	897,990,349
Work-in-process		**140,014,359**	142,503,010
Finished goods	7.3	**110,143,067**	66,570,963
		1,183,590,900	1,107,064,322
Provision for slow-moving and obsolescence	7.1	**(1,623,406)**	-
		1,181,967,494	1,107,064,322

		Note	30 June 2017	30 June 2016
			(Rupees)	
7.1	**Provision for slow-moving and obsolescence**			
	Opening balance		**-**	696,227
	Charge for the year	25	**1,623,406**	-
	Written off during the year		**-**	(696,227)
	Closing balance		**1,623,406**	-

7.2 This includes raw material in transit and in possession of Company's subsidiaries as at 30 June 2017 amounting to Rs. 216.58 million (30 June 2016: Rs. 201.658 million) and Rs. 328 million (30 June 2016: Rs. 116.322 million) respectively.

7.3 This includes finished goods in possession of Company's subsidiaries as at 30 June 2017 amounting to Rs. 36.12 million (30 June 2016: Rs. 42.614 million).

8. TRADE DEBTS - net

	Note	30 June 2017	30 June 2016
		(Rupees)	
Unsecured			
Considered good		**223,972,326**	213,888,667
Considered doubtful		**-**	405,606
		223,972,326	214,294,273
Bad debts written off		**-**	(405,606)
Provision for doubtful debts	8.1	**-**	-
	8.2	**223,972,326**	213,888,667

8.1	**Provision for doubtful debts**		
	Opening balance	**-**	405,606
	Charge for the year	**-**	-
	Written off during the year	**-**	(405,606)
	Closing balance	**-**	-

8.2 For ageing of trade debts, refer note 34.2.

9. LONG TERM LOANS AND RECEIVABLES

	Note	30 June 2017	30 June 2016
Long term portion of receivable of assets sold	9.1	**26,682,402**	-
Long term portion of loan to employees	10.1	**703,880**	-
		27,386,282	-

		Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
9.1	Gross receivable against sale of dies		**73,166,208**	-
	Less: Effect of discounting	9.1.2	**(4,896,016)**	-
	Present value of receivable of dies sold	4.1.4	**68,270,192**	-
	Unwinding of discount	28	**1,105,361**	-
	Less: Installments received during the year		**(9,145,776)**	-
			60,229,777	-
	Less: Current portion		**(33,547,375)**	-
	Long term portion of receivable		**26,682,402**	-

9.1.1 This represents receivable against sale of dies to a customer. The amount will be recovered over a period of two years, with no mark-up.

9.1.2 This represents discounting at the rate of 6.8%.

10. LOANS AND ADVANCES

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Loans to employees - considered good and unsecured	10.1	**3,617,172**	2,527,651
Loans to workers - considered good and unsecured	10.2	**4,875,319**	4,055,963
Advance salary		**2,869,290**	22,847,519
Advance to suppliers		**73,389,159**	103,532,183
		84,750,940	132,963,316

10.1 Loans to employees - considered good and unsecured

	Note	30 June 2017	30 June 2016
Loans to employees	10.1.1	**4,321,052**	2,527,651
Less: Long term portion		**(703,880)**	-
Current portion of loans to employees		**3,617,172**	2,527,651

10.1.1 This represents loans provided to executive staff having maturity of one to two years. These loans carry mark-up at the rate ranging from 7% to 10% (30 June 2016: 10%) per annum.

10.2 This represents loans provided to workers for personal expenses having maturity of twelve months. These loans carry mark-up at the rate of 10% (30 June 2016: 10%) per annum.

11. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Unclaimed input sales tax	11.1	**164,752,037**	154,695,560
Trade and other deposits		**10,955,530**	11,592,764
Prepayments - provident fund		**5,524,464**	-
Prepayments		**2,306,066**	1,191,005
Other receivables		**3,097,582**	6,417,309
		186,635,679	173,896,638

11.1 This represents input sales tax not claimed due to restriction of input tax to be adjusted up to ninety percent of output tax as per section 8B of Sales Tax Act, 1990.

12. TAXATION - net

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Opening refundable		**143,468,552**	151,034,947
Refunds / adjusted during the year		**-**	(27,423,355)
		143,468,552	123,611,592
Advance tax paid during the year		**53,236,055**	69,817,900
Provision for taxation	30	**(34,089,427)**	(49,960,940)
Closing refundable		**162,615,180**	143,468,552

12.1 Subsequent to the year end, the Company has received refunds aggregating to Rs. 45.72 million respect of tax years 2013, 2014 and 2015.

13. INVESTMENTS

	Note	30 June 2017	30 June 2016
At fair value through profit or loss - at initial recognition	13.1	**48,673,998**	42,737,971
Available-for-sale	13.2	**52,747,744**	42,827,430
		101,421,742	85,565,401

13.1 At fair value through profit or loss - at initial recognition

30 June 2017 (Number of shares / certificates)	30 June 2016 (Number of shares / certificates)	Name of investee company	Note	30 June 2017 Carrying value (Rupees)	30 June 2017 Market value (Rupees)	30 June 2017 Unrealised gain (Rupees)	30 June 2016 Market value (Rupees)
		Ordinary shares - Quoted					
1	1	Agriautos Industries Limited		**195**	**431**	**236**	195
1	1	Al-Ghazi Tractors Limited *		**425**	**644**	**219**	425
1	1	Atlas Battery Limited		**582**	**900**	**318**	582
1	1	Atlas Honda Limited		**370**	**604**	**234**	370
1	1	The General Tyre & Rubber Company of Pakistan Limited		**178**	**304**	**126**	178
1	1	Honda Atlas Cars (Pakistan) Limited		**366**	**868**	**502**	366
1	1	Thal Limited *		**280**	**606**	**326**	280
230	230	Baluchistan Wheels Limited		**18,630**	**34,270**	**15,640**	18,630
315	315	Ghandhara Nissan Limited		**49,187**	**70,875**	**21,688**	49,187
150	150	Hino Pak Motors Limited		**143,370**	**196,500**	**53,130**	143,370
200	200	Indus Motor Company Limited		**186,906**	**358,800**	**171,894**	186,906
272	272	Millat Tractors Limited		**156,030**	**373,848**	**217,818**	156,030
63	63	Oil & Gas Development Company Limited		**8,782**	**8,863**	**81**	8,782
127	127	Pak Suzuki Motor Company Limited		**48,162**	**99,060**	**50,898**	48,162
		Participation term certificate (PTC) - Quoted					
1,831,500	1,831,500	Treet Corporation Limited *	13.1.1	**34,267,373**	**47,527,425**	**13,260,052**	42,124,508
				34,880,836	**48,673,998**	**13,793,162**	42,737,971

* All shares have a nominal value of Rs. 10 each, except for the shares of Al-Ghazi Tractors Limited and Thal Limited which have a face value of Rs. 5 each. PTC of Treet Corporation Limited has a face value of Rs. 30 per certificate.

13.1.1 Movement in carrying value of PTC is as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Opening balance		**42,124,508**	115,957,230
Purchased during the year		**-**	32,136
Principal cash redemption	13.1.2	**(274,725)**	(274,725)
Principal conversion to ordinary shares	13.1.2	**(7,582,410)**	(7,582,410)
		34,267,373	108,132,231
Unrealised gain / (loss) for the year		**13,260,052**	(66,007,723)
Closing balance		**47,527,425**	42,124,508

13.1.2 These are mandatorily convertible into ordinary shares of Treet Corporation Limited at the ratio of 2 PTCs into 1 ordinary share in a period of 7 years. Principal amount of PTC will be reduced through redemption (in cash and through share conversion). The principal redemption through cash is Re. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum from year 2013 to year 2018 and 0.08 share for the year 2019. During the year, principal redeemed in cash amounted to Rs. 0.27 million and principal redeemed through share conversion amounted to Rs. 7.58 million, respectively (also refer note 6.2.4).

13.2 Available-for-sale

The Company holds investment in ordinary shares of Rs. 10 each, in the following listed investee companies:

30 June 2017	30 June 2016	Name of investee company	30 June 2017 Cost	30 June 2017 Market value	30 June 2017 Unrealised gain	30 June 2016 Market value
(Number of shares)			(Rupees)			
		Ordinary shares - Quoted				
235,386	235,386	Tri-Pack Films Limited	**17,188,363**	**52,726,464**	**35,538,101**	42,814,360
152	152	ZIL Limited	**5,330**	**21,280**	**15,950**	13,070
			17,193,693	**52,747,744**	**35,554,051**	42,827,430

13.2.1 Unrealized gain on re-measurement of available-for-sale investments

	Note	30 June 2017	30 June 2016
		(Rupees)	
Market value of investments		**52,747,744**	42,827,430
Less: Cost of investments		**(17,193,693)**	(17,193,693)
		35,554,051	25,633,737
Less: Unrealized gain on re-measurement of available-for-sale investments at beginning of the year		**(25,633,737)**	(23,047,509)
		9,920,314	2,586,228

13.2.2 The above investments include 182,000 shares of Tri-Pack Films Limited having an aggregate market value of Rs. 40.768 million have been pledged with financial institutions as securities against borrowing facilities.

14. CASH AND BANK BALANCES

	Note	30 June 2017	30 June 2016
		(Rupees)	
Term deposit receipts	14.1	**162,000,000**	-
Cash in hand		**248,536**	422,603
With banks			
- in current accounts		**11,316,666**	6,237,364
- in saving account	14.2	**42,405,974**	-
		53,722,640	6,237,364
		215,971,176	6,659,967

14.1 This represents term deposit receipts placed at the rate ranging from of 5.8% to 6% per annum having original maturity of less than three months.

14.2 This carry mark-up at the rate of 3.75% (30 June 2016: Nil) per annum.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 Initially, as per the Gas Infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including SSGC) shall collect and pay Gas Infrastructure and Development Cess (GID Cess). As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable to the Company. Subsequently, through Finance Bill 2012 -2013, the rate of GID Cess increased to Rs. 50 per MMBTU. On 3 August 2012, Companies in the industry filed a suit on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh vide its ad-interim order dated 6 September 2012, restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. On 31 December 2013, the Ministry of Petroleum and Natural Resources, Government of Pakistan increased the GID Cess applicable to Rs. 150 per MMBTU with immediate effect. On 22 May 2015, the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The Sui Southern Gas Company Limited (SSGC) has also not yet billed GID Cess amount pertaining to periods prior to the promulgation of GIDC Act, 2015. On 24 May 2015, an ad-interim stay order was obtained by Companies in the industry against the GIDC Act, 2015 from the High Court of Sindh. This stay order has restrained SSGCL from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on this matter. A committee has been formed by the Federal Government to review the anomalies of GIDC Act, 2015.

In view of above stated facts and opinion of legal advisor, the Company is confident of a favourable outcome. However, the Company has recorded a full provision of Rs. 1.66 million (30 June 2016: Rs. 0.83 million) in the financial statements.

15.1.2 Guarantees provided by the banks amounted to Rs. 0.45 million (30 June 2016: Rs. 0.45 million) to Sui Southern Gas Company Limited in favour of the Company. \

15.1.3 Two ex-employees / workers filed cases in the Sindh Labour Court for their reinstatement which were dismissed by the Court. The workers have filed appeals against such order in Honourable Sindh Labour Appellate Tribunal at Karachi, one of which has been dismissed. The Company in consultation with its legal advisor is confident that outcome of the above case received will be in their favour. Therefore, no provision has been recognized in the financial statements.

15.1.4 Tax related contingencies are disclosed in note 30.

15.2 Commitments

Commitments in respect of letters of credit amounted to Rs. 443.902 million (30 June 2016: Rs. 332.038 million).

16. PRELIMINARY EXPENSES

This represents expenses incurred for the purpose of listing, written off from share premium account in accordance with the section 83(2)(a) of the Companies Ordinance, 1984. Breakup of preliminary expenses are as follows:

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Advisory and arrangement fee for IPO		**65,829,951**	-
Brokerage commission		**16,635,710**	-
Underwriting commission		**7,381,250**	-
Advertisement and printing expense		**9,266,369**	-
Regulatory charges		**2,098,986**	-
Bank commission		**2,886,115**	-
Other expenses		**549,041**	-
		104,647,422	-

17. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

30 June 2017 (Number of shares)	30 June 2016 (Number of shares)		30 June 2017 (Rupees)	30 June 2016 (Rupees)
53,770,000	3,770,000	Ordinary shares of Rs. 10 each fully paid in cash	**537,700,000**	37,700,000
83,730,000	71,230,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**837,300,000**	712,300,000
137,500,000	75,000,000		**1,375,000,000**	750,000,000

17.1 Syed Shahid Ali (Chairman) holds 57,108,975 number of ordinary shares (30 June 2016: 51,917,250) comprising 41.53% (30 June 2016: 69.22%), and Treet Corporation Limited (associate company) holds 17,177,325 number of ordinary shares (30 June 2015: 15,615,750) comprising 12.49% (30 June 2016: 20.82%).

17.2 Movement in number of ordinary shares is as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Ordinary shares at beginning of the year		**75,000,000**	75,000,000
Issue of ordinary shares at the rate of Rs. 34 per share		**50,000,000**	-
Issue of bonus shares at the rate of 10% (i.e. 10 shares for every 100 shares held)		**12,500,000**	-
Ordinary shares at end of the year		**137,500,000**	75,000,000

17.2.1 During the year, the Company issued 50 million shares in respect of Initial Public Offering at the price of Rs. 34 per share.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future lease payments and the period in which these become due are as follows:

	30 June 2017			30 June 2016		
	Minimum Lease Payments	Finance charges	Principal outstanding	Minimum Lease Payments	Finance charges	Principal outstanding
	(Rupees)					
Not later than one year	**14,303,353**	**1,045,265**	**13,258,088**	17,631,059	1,530,699	16,100,360
Later than one year but not later than five years	**9,361,906**	**426,888**	**8,935,018**	19,993,568	1,248,157	18,745,411
	23,665,259	**1,472,153**	**22,193,106**	37,624,627	2,778,856	34,845,771

18.1 These represent finance leases entered into for vehicles. Monthly payments of leases carry pre-determined mark-up rates include finance charge at fixed rate of 9% (30 June 2016: 9%) and variable rates ranging from 6 months KIBOR plus 2% to 5.5% per annum (30 June 2016: 6 months KIBOR plus 2% to 5.5% per annum) determined on semi-annual basis for future rentals. These leases have maturities from September 2017 to February 2020 (30 June 2016: September 2016 to February 2020).

19. DEFERRED TAX LIABILITIES

19.1 Deferred tax comprises of:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Taxable temporary differences arising in respect of:			
- Accelerated tax depreciation		**61,490,271**	45,122,840
- Finance lease arrangements		**-**	3,291,514
Deductible temporary differences arising in respect of:			
- Finance lease arrangements		**(3,150,588)**	-
- Provision against slow-moving stock-in-trade		**(487,022)**	(215,830)
- Provision against compensated absences		**(3,203,467)**	(2,426,623)
- Provision for bad debts		**-**	(125,738)
- Remeasurement of defined benefit liability		**(2,871,737)**	(1,807,188)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited		**(7,500,000)**	(7,750,000)
		44,277,457	36,088,975

19.2 Movement:

	30 June 2017				30 June 2016			
	Balance at 1 July 2016	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2017	Balance at 1 July 2015	Recognized in profit and loss	Recognized in other comprehensive income	Balance at 30 June 2016
	(Rupees)							
Taxable temporary differences								
- Accelerated tax depreciation	45,122,840	16,367,431	-	61,490,271	29,986,182	15,136,658	-	45122840
- Finance lease arrangements	3,291,514	(6,442,102)	-	(3,150,588)	6,361,791	(3,070,277)	-	3291514
- Provision for unrealised gain on re-measurement of investments at fair value through profit or loss	-	-	-	-	18,918,441	(18,918,441)	-	-
Deductible temporary differences								
- Provision against slow-moving stock-in-trade	(215,830)	(271,192)	-	(487,022)	(215,830)	-	-	(215,830)
- Provision against compensated absences	(2,426,623)	(776,844)	-	(3,203,467)	(2,116,027)	(310,596)	-	(2,426,623)
- Provision for bad debts	(125,738)	125,738	-	-	(125,738)	-	-	(125,738)
- Remeasurement of defined benefit liability	(1,807,188)	-	(1,064,549)	(2,871,737)	(1,385,836)	-	(421,352)	(1,807,188)
- Provision for impairment against investment in Specialized Motorcycles (Private) Limited	(7,750,000)	250,000	-	(7,500,000)	(7,750,000)	-	-	(7,750,000)
	36,088,975	9,253,031	(1,064,549)	44,277,457	43,672,983	(7,162,656)	(421,352)	36,088,975

20. EMPLOYEE BENEFITS - gratuity

The actuarial valuation for staff gratuity has been carried out as at 30 June 2017 on the basis of projected unit credit method as per the requirements of approved accounting standard - International Accounting Standard 19, “Employee Benefits”. The assumptions used in actuarial valuation are as follows:

20.1 Actuarial assumptions

	Note	30 June 2017	30 June 2016
		(Rupees)	
Financial assumptions			
- Discount rate used for year end obligation		7.75%	7.25%
- Discount rate used for interest cost in profit and loss account		7.25%	9.75%
- Expected rate of increase in salary level		6.75%	6.25%
Demographic assumptions			
- Mortality rate		SLIC 2001 - 2005	SLIC 2001 - 2005

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2017

20.2 Amount recognised in the balance sheet

	Note	30 June 2017 Executives	30 June 2017 Non-Executives	30 June 2017 Total	30 June 2016 Executives	30 June 2016 Non-Executives	30 June 2016 Total
		(Rupees)					
Present value of defined benefit obligation	20.2.1	**33,364,832**	**12,930,821**	**46,295,653**	24,622,414	11,763,057	36,385,471
Fair value of plan assets	20.2.2	**(32,350,240)**	**(13,658,018)**	**(46,008,258)**	(28,836,289)	(12,398,328)	(41,234,617)
Net liability / (asset) at end of the year		**1,014,592**	**(727,197)**	**287,395**	(4,213,875)	(635,271)	(4,849,146)

20.2.1 Movement in present value of defined benefit obligation:

Opening balance	**24,622,414**	**11,763,057**	**36,385,471**	22,286,372	11,251,358	33,537,730
Current service cost	**1,540,551**	**454,089**	**1,994,640**	1,459,995	460,531	1,920,526
Interest cost	**1,769,979**	**812,937**	**2,582,916**	2,926,789	1,430,584	4,357,373
Benefits paid by the plan	**(417,830)**	**(1,100,270)**	**(1,518,100)**	(394,792)	(909,000)	(1,303,792)
Re-measurements loss / (gain) on obligation	**5,849,718**	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)
Closing balance	**33,364,832**	**12,930,821**	**46,295,653**	24,622,414	11,763,057	36,385,471

20.2.2 Movement in the fair value of plan assets:

Opening balance	**28,836,289**	**12,398,328**	**41,234,617**	28,171,187	11,708,465	39,879,652
Interest income	**2,090,631**	**898,879**	**2,989,510**	2,746,691	1,185,840	3,932,531
Contribution paid / (received) into / (from) the plan	**-**	**-**	**-**	394,792	1,817,000	2,211,792
Benefits paid by the plan	**(417,830)**	**(1,100,270)**	**(1,518,100)**	(394,792)	(909,000)	(1,303,792)
Re-measurements gain / (loss) on plan assets	**1,841,150**	**1,461,081**	**3,302,231**	(2,081,589)	(1,403,977)	(3,485,566)
Closing balance	**32,350,240**	**13,658,018**	**46,008,258**	28,836,289	12,398,328	41,234,617

20.2.3 Amounts recognised in the profit and loss account

Current service cost	**1,540,551**	**454,089**	**1,994,640**	1,459,995	460,531	1,920,526
Interest cost	**1,769,979**	**812,937**	**2,582,916**	2,926,789	1,430,584	4,357,373
Interest income	**(2,090,631)**	**(898,879)**	**(2,989,510)**	(2,746,691)	(1,185,840)	(3,932,531)
Expense for the year	**1,219,899**	**368,147**	**1,588,046**	1,640,093	705,275	2,345,368

20.2.4 Amounts recognised in the other comprehensive income

Re-measurement loss / (gain) on obligation	20.2.4.1	**5,849,718**	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)
Re-measurement of fair value of plan assets	20.2.4.2	**(1,841,150)**	**(1,461,081)**	**(3,302,231)**	2,081,589	1,403,977	3,485,566
Re-measurement loss / (gain) for the year		**4,008,568**	**(460,073)**	**3,548,495**	425,639	933,561	1,359,200

20.2.4.1 Re-measurement loss / (gain) on obligation:

Loss / (gain) due to change in financial assumptions	**15,628**	**8,101**	**23,729**	(70,124)	(39,841)	(109,965)
Loss / (gain) due to change in experience adjustments	**5,834,090**	**992,907**	**6,826,997**	(1,585,826)	(430,575)	(2,016,401)
	5,849,718	**1,001,008**	**6,850,726**	(1,655,950)	(470,416)	(2,126,366)

20.2.4.2 Re-measurement on plan assets - Net income / (expense) of plan assets over interest income:

Actual return on plan assets	**3,931,781**	**2,359,960**	**6,291,741**	665,102	(218,137)	446,965
Interest income on plan assets	**(2,090,631)**	**(898,879)**	**(2,989,510)**	(2,746,691)	(1,185,840)	(3,932,531)
	1,841,150	**1,461,081**	**3,302,231**	(2,081,589)	(1,403,977)	(3,485,566)

20.2.5 Net recognized liability / (asset)

Net asset at beginning of the year	**(4,213,875)**	**(635,271)**	**(4,849,146)**	(5,884,815)	(457,107)	(6,341,922)
Expense recognised in profit and loss account	**1,219,899**	**368,147**	**1,588,046**	1,640,093	705,275	2,345,368
Contribution (paid) / received (into) / from the plan	**-**	**-**	**-**	(394,792)	(1,817,000)	(2,211,792)
Re-measurement losses recognised in other comprehensive income	**4,008,568**	**(460,073)**	**3,548,495**	425,639	933,561	1,359,200
Net liability / (asset) at end of the year	**1,014,592**	**(727,197)**	**287,395**	(4,213,875)	(635,271)	(4,849,146)

20.3 Plan assets comprise of the following:

	30 June 2017 Executives	30 June 2017 Non-Executives	30 June 2016 Executives	30 June 2016 Non-Executives
	(Rupees)			
Government securities	**16,822,125**	**3,496,453**	28,426,814	11,748,656
Term deposit receipts	**32,350**	**13,658**	276,828	141,341
Equity shares	**13,457,700**	**8,891,370**	132,647	508,331
Others	**2,038,065**	**1,256,537**	-	-
Fair value of plan assets at end of the year	**32,350,240**	**13,658,018**	28,836,289	12,398,328

20.4 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	30 June 2017 (Rupees)		30 June 2016 (Rupees)	
	Executives	Non-Executives	Executives	Non-Executives
Discount rate +1%	**31,870,792**	**12,129,017**	23,270,431	10,966,899
Discount rate -1%	**35,061,024**	**13,811,730**	26,162,271	12,644,306
Salary increase +1%	**35,078,280**	**13,820,370**	26,178,023	12,652,955
Salary increase -1%	**31,828,872**	**12,106,595**	23,232,336	10,944,614

20.5 Expected charge for the year ending 30 June 2018 is Rs. 2,462,749.

20.6 Risks associated with defined benefit plans

a) Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

b) Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

c) Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

d) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

20.7 Historical information

	30 June 2015	2014	2013	2012	2011
	(Rupees)				
Present value of defined benefit obligation	33,537,730	31,474,360	27,152,096	-	-
Fair value of plan assets	(39,879,652)	(43,360,672)	(38,001,696)	(11,748,034)	(3,052,250)
Net liability	(6,341,922)	(11,886,312)	(10,849,600)	(11,748,034)	(3,052,250)

20.8 Gratuity for the year recognised in the profit and loss account has been allocated as follows:

	Note	30 June 2017 (Rupees)	30 June 2016
Cost of sales	25	**1,219,899**	1,640,093
Administrative and selling expenses	26	**368,147**	705,275
		1,588,046	2,345,368

21. SHORT TERM BORROWINGS

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Secured			
Running finances under mark-up arrangements	21.1	**28,395,236**	967,794,488
Islamic financing		**-**	115,000,000
		28,395,236	1,082,794,488

21.1 Running finances under mark-up arrangements

	Note	30 June 2017	30 June 2016
JS Bank Limited		**21,916,042**	249,698,059
Soneri Bank		**3,120,575**	109,250,470
Meezan Bank		**1,972,841**	178,203,397
Bank AL Habib Limited		**1,385,778**	226,946,535
United Bank Limited		-	56,373,008
Habib Bank Limited		**-**	15,195,747
		28,395,236	835,667,216
Soneri Bank - Local Bill discount		-	132,127,272
	21.1.1	**28,395,236**	967,794,488

21.1.1 These facilities have been obtained from various banks for working capital requirements and are secured by charge over current and future assets of the Company, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates latest by 31 August 2017. The banks have imposed a condition that no objection certificate (NOC) should be obtained or bank dues should be cleared before declaring any dividend.

These facilities carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 6 month KIBOR plus 0.85% per annum (30 June 2016: 1 month KIBOR plus 1.25% to 6 month KIBOR plus 0.85% per annum).

The aggregate available short term funded facilities amounted to Rs. 1,970 million (30 June 2016: Rs. 1,430 million) out of which Rs. 1,941.605 million (30 June 2016: 462.205 million) remained unavailed as at the reporting date.

Facilities available for opening letters of credit / guarantees at 30 June 2017 amounted to Rs. 2,205.451 million (30 June 2016: Rs. 1,553 million) out of which Rs. 1,761.098 million (30 June 2016: Rs. 1,220.46 million) remained unutilized at the year end.

21.2 Unavailed facilities

The Islamic finance (Istisna) facility from Al Baraka Bank and Meezan Bank having limits of Rs. 400 million, for procurement of raw materials and manufacturing of mufflers, radiators and exhaust system. The whole amount of Rs. 400 million (30 June 2016: Rs. 200 million) remained unutilised at the year end. These facilities carry mark-up at 6 month KIBOR plus 1.25% per annum (30 June 2016: 6 month KIBOR plus 1 %) and is repayable maximum within 180 days of the disbursement date.

The facilities for import loans under mark-up arrangements with United Bank Limited amounted to Rs. 150 million (30 June 2016: Rs. 350 million). The whole amount of Rs. 150 million (30 June 2016: Rs. 350 million) remained unutilised at the year end.

The foreign currency import loans mark-up rates decided on case to case basis (30 June 2016: case to case basis). The loans are repayable within 180 days of the disbursement date. The facility remained unutilised at the year end.

The local currency import loans carry mark-up at rates ranging from 3 months KIBOR plus 1% per annum (30 June 2016: 3 months KIBOR plus 1.25% to 1.5% per annum). The loans are repayable within 180 days of the disbursement date. The facility remained unutilised at the year end.

The Company also has an unutilised facility of forward cover from JS Bank Limited and Meezan Bank Limited, amounting to Rs. 66 million to hedge forex risk on import transactions carried in USD. The tenor of facility is of maximum 12 months and the cover limit for JS Bank Limited is established is of 10 times of the actual limit i.e. Rs. 350 million.

21.3 The above facilities are secured by way of first pari pasu charge over stocks, book debts, plant, machinery, land and building and also by way of pledge of shares of associated company.

22. DUE TO RELATED PARTIES - net

	Note	30 June 2017	30 June 2016
		(Rupees)	
Unsecured			
Loan from subsidiaries	22.1	**277,840,000**	279,140,000
Trade payables	22.2	**77,713,337**	5,007,886
Due from related parties - considered good	22.3	**(12,992,725)**	(7,133,899)
Accrued mark-up on loan from subsidiary companies	22.4	**36,629,751**	14,346,898
		379,190,363	291,360,885

22.1 Loan from subsidiaries

Specialized Autoparts Industries (Private) Limited	22.1.1	**151,590,000**	151,590,000
Multiple Autoparts Industries (Private) Limited	22.1.1	**69,950,000**	69,950,000
Specialized Motorcycle (Private) Limited	22.1.1	**56,300,000**	57,600,000
		277,840,000	279,140,000

22.1.1 These are repayable on demand carrying mark up at the rate of 1 month KIBOR plus 1.75% per annum.

22.2 Trade payables

	Note	30 June 2017	30 June 2016
		(Rupees)	
Specialized Autoparts Industries (Private) Limited	22.2.1	**52,856,449**	234,643
Multiple Autoparts Industries (Private) Limited	22.2.1	**24,856,888**	4,773,243
		77,713,337	5,007,886

22.2.1 These represent payable against toll manufacturing services provided to the Company.

22.3 Due from related parties - considered good

	Note	30 June 2017	30 June 2016
		(Rupees)	
Specialized Autoparts Industries (Private) Limited	22.3.1	**5,968,002**	3,441,511
Specialized Motorcycle (Private) Limited		**3,706,788**	3,692,388
Hi-Tech AutoParts (Private) Limited		**3,317,935**	-
		12,992,725	7,133,899

22.3.1 The above balance is mark-up free, unsecured and represent amount paid by the Company to a supplier for fuel utilized by Specialized Autoparts Industries (Private) Limited.

22.4 Accrued mark-up on loan from subsidiary companies

	Note	30 June 2017	30 June 2016
		(Rupees)	
Specialized Autoparts Industries (Private) Limited		**16,044,155**	3,886,637
Multiple Autoparts Industries (Private) Limited		**7,898,891**	2,288,816
Specialized Motorcycle (Private) Limited		**12,686,705**	8,171,445
		36,629,751	14,346,898

23. TRADE AND OTHER PAYABLES

	Note	30 June 2017	30 June 2016
Creditors		**161,125,254**	40,249,328
Accrued liabilities	23.1	**19,877,619**	3,311,662
Other liabilities			
Advance from customer		**13,188,422**	10,124,959
Mobilization advances	23.4	**22,862,201**	32,898,628
Workers' profit participation fund	23.2	**19,659,057**	11,326,898
Provision for compensated absences		**10,678,222**	7,827,815
Workers' welfare fund	23.3	**6,250,160**	3,449,415
Withholding tax payable		**1,612,681**	4,275,955
Security deposit from contractors		**129,000**	129,000
Payable to provident fund		**-**	315,640
Other payables		**5,615,333**	7,979,957
		260,997,949	121,889,257

23.1 This includes provision of Rs. 1.66 million in respect of Gas Infrastructure Development Cess (GID Cess) charges. No payment has been made in the current and prior years, since the Company has obtained stay order against levy of GID Cess (refer note 15).

23.2 Workers' profit participation fund

	Note	30 June 2017	30 June 2016
		(Rupees)	
Opening balance		**11,326,898**	14,710,739
Charge for the year	27	**15,625,400**	7,627,614
Interest charged during the year	29	**691,679**	969,630
		27,643,977	23,307,983
Less: Payments during the year		**(7,984,920)**	(11,981,085)
Closing balance		**19,659,057**	11,326,898

23.3 Workers' welfare fund

	Note	30 June 2017	30 June 2016
Opening balance		**3,449,415**	4,549,779
Charge for the year	27	**6,250,160**	3,449,415
Less: Payments during the year		**(3,449,415)**	(4,549,779)
Closing balance		**6,250,160**	3,449,415

23.4 This carry mark-up at the rate of 7.3% (30 June 2016 : 7.3%)

24 TURNOVER

	Note	30 June 2017	30 June 2016
Local sales	24.1	**5,172,668,587**	4,727,717,815
Sales returns		**(18,670,578)**	(5,997,619)
		5,153,998,009	4,721,720,196
Sales tax		**(748,871,506)**	(686,061,909)
		4,405,126,503	4,035,658,287

24.1 This includes scrap sales amounting to Rs. 45.76 million (30 June 2016: Rs. 38.13 million)

25 COST OF SALES

	Note	30 June 2017 (Rupees)	30 June 2016
Raw materials and components consumed	25.1	**3,111,377,807**	2,931,142,041
Ancillary materials consumed	25.2	**52,201,657**	33,175,052
Manufacturing expenses			
Salaries and wages		**138,370,334**	124,474,508
Other employees' benefits	25.3	**83,824,711**	50,376,682
Provident fund contribution		**2,222,310**	2,040,381
Toll manufacturing	25.4	**492,951,980**	437,205,990
Depreciation	4.1.3	**76,257,747**	41,080,764
Gas, power and water		**24,369,289**	18,363,901
Travelling and vehicle running cost		**10,167,602**	9,484,985
Insurance		**6,720,229**	4,552,996
Repairs and maintenance		**7,824,449**	6,157,076
Postage, telephone and telex		**2,005,679**	3,135,239
Provision for slow-moving and obsolescence	7.1	**1,623,406**	-
Inward freight and storage charges		**1,257,234**	649,965
Conveyance		**1,916,758**	1,542,873
Rent, rates and taxes		**860,106**	1,139,831
Printing, stationery and periodicals		**205,843**	583,844
Royalty expense	25.5	**1,557,933**	-
General expenses		**1,315,077**	1,512,722
Security services		**372,834**	357,692
Transferred to capital work-in-progress		**(13,322,519)**	(20,759,805)
Manufacturing cost		**840,501,002**	681,899,644
Opening stock of work-in-process		**142,503,010**	68,169,176
Closing stock of work-in-process	7	**(140,014,359)**	(142,503,010)
		2,488,651	(74,333,834)
Cost of goods manufactured		**4,006,569,117**	3,571,882,903
Opening stock of finished goods		**66,570,963**	90,102,753
Closing stock of finished goods	7	**(110,143,067)**	(66,570,963)
		(43,572,104)	23,531,790
		3,962,997,013	3,595,414,693

25.1 Raw material and components consumed

	Note	30 June 2017	30 June 2016
Opening inventory		**897,990,349**	782,578,700
Purchases		**3,146,820,932**	3,046,553,690
		4,044,811,281	3,829,132,390
Closing inventory	7	**(933,433,474)**	(897,990,349)
		3,111,377,807	2,931,142,041

	Note	30 June 2017 (Rupees)	30 June 2016
25.2 Ancillary materials consumed			
Opening inventory		**51,209,992**	32,657,297
Purchases		**54,174,784**	57,967,115
		105,384,776	90,624,412
Ancillary materials capitalised		**(14,551,717)**	(6,239,368)
		90,833,059	84,385,044
Closing inventory		**(38,631,402)**	(51,209,992)
		52,201,657	33,175,052

25.3 This includes a sum of Rs. 1.2 million (30 June 2016: Rs. 1.64 million) in respect of employee benefits - gratuity.

25.4 Toll manufacturing	Note	30 June 2017 (Rupees)	30 June 2016
Specialized Autoparts Industries (Private) Limited		**309,496,337**	268,795,248
Multiple Autoparts Industries (Private) Limited		**124,000,772**	127,316,133
Others		**59,454,871**	41,094,609
		492,951,980	437,205,990

25.5 This represents royalty amounting to Rs. 1.558 million payable to Futaba Industrial Company Limited in respect of providing technical information and assistance for the manufacturing of exhaust system.

26. ADMINISTRATIVE AND SELLING EXPENSES	Note	30 June 2017 (Rupees)	30 June 2016
Salaries and wages		**72,047,700**	62,246,568
Other employees' benefits	26.1	**31,017,950**	21,267,789
Provident fund contribution		**1,707,367**	1,403,031
Advertising and sales promotion		**1,057,296**	5,532,580
Travelling and vehicle running cost		**9,630,458**	5,991,914
Outward freight		**17,830,361**	4,821,825
Depreciation	4.1.3	**7,006,957**	7,115,994
Amortisation	5	**441,961**	132,235
Legal and professional charges		**10,353,853**	6,312,399
Listing expenses		**-**	4,795,150
Postage, telephone and telex		**2,763,220**	2,273,081
Conveyance		**353,740**	1,305,212
Auditors' remuneration	26.3	**750,000**	1,318,125
Electricity		**1,130,120**	736,367
Repairs and maintenance		**297,234**	222,232
Entertainment		**351,853**	273,537
Printing, stationery and periodicals		**2,143,978**	268,917
Insurance		**1,007,670**	594,933
Donation	26.2	**20,000**	140,000
Others	26.4	**3,198,647**	2,205,893
		163,110,365	128,957,782

26.1 This includes a sum of Rs. 0.37 million (30 June 2016: Rs. 0.705 million) in respect of employee benefits - gratuity.

26.2 None of the directors and their spouses have interest in donees.

26.3 Auditors' remuneration

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Audit fee		**450,000**	350,000
Fee for interim review		**200,000**	-
Fee for special audit / review for IPO		**-**	555,000
Fee from other reports		**75,000**	300,000
Out of pocket expenses		**25,000**	113,125
		750,000	1,318,125

26.4 This includes default surcharge along with penalty in respect of sales tax and income tax withholding and related matters amounting to Rs. 1.85 million and Rs. 0.21 million respectively.

27. OTHER EXPENSES

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Workers' profit participation fund	23.2	**15,625,400**	7,627,614
Workers' welfare fund	23.3	**6,250,160**	3,449,415
		21,875,560	11,077,029

28. OTHER INCOME

	Note	30 June 2017	30 June 2016
Income from financial assets			
Interest income from Participation Term Certificates		**12,454,200**	12,032,955
Interest income on term deposit receipts		**12,862,710**	-
Dividend income			
- Associated company - Treet Corporation Limited		**7,620,680**	7,492,475
- Others	28.1	**2,404,942**	957,529
		10,025,622	8,450,004
Interest income on Pakistan Investment Bonds		**3,875,000**	-
Un-winding of discount on sale of dies	9.1	**1,105,361**	-
Interest income on loan to employees		**1,172,439**	1,018,340
Interest income on saving accounts		**558,051**	-
Others		**184,596**	-
		42,237,979	21,501,299
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment	4.1.4	**24,383,164**	2,595,389
Recovery from debtors written off		**889,500**	-
Others		**2,208,920**	11,719
		27,481,584	2,607,108
		69,719,563	24,108,407

28.1 This includes dividend received from Tri-Pack Films Limited amounting to Rs. 2.35 million (30 June 2016: Rs. 0.91 million). The remaining amount being insignificant represents dividend received from Atlas Honda Limited, Indus Motor Company Limited, Agriauto Industries Limited, Baluchistan Wheels Limited, Atlas Battery Limited, Al-Ghazi Tractors Limited, Millat Tractors Limited, Oil and Gas Development Company Limited, Thal Limited, Pak Suzuki Motor Company Limited, The General Tyre and Rubber Company of Paksitan Limited, Hino Pak Motors Limited, Honda Atlas Cars (Pakistan) Limited and Ghandara Nissan Limited against investment as disclosed in note 13.

29. FINANCIAL CHARGES

	Note	30 June 2017 (Rupees)	30 June 2016 (Rupees)
Mark-up on bank loans and borrowings		**33,595,731**	81,295,482
Mark-up on loans from subsidiary companies	22.1	**22,282,853**	11,072,700
Exchange loss		**5,538,491**	16,772,910
Finance lease charges		**2,090,311**	2,125,614
Mark-up on mobilization advance		**2,046,396**	2,401,059
Commission and other charges		**1,486,882**	2,134,915
Interest on workers' profit participation fund	23.2	**691,679**	969,630
		67,732,343	116,772,310

30. TAXATION

	Note	30 June 2017	30 June 2016
Current		**36,928,764**	51,411,085
Prior		**(2,839,337)**	(1,450,145)
Deferred	19.2	**9,253,031**	(7,162,656)
		43,342,458	42,798,284

30.1 Reconciliation between tax expense and accounting profit

	Note	30 June 2017	30 June 2016
Profit before taxation		**272,923,947**	141,475,245
Tax at the applicable rate of 31% (2016: 32%)		**84,606,424**	45,272,078
Prior year charge		**(2,839,337)**	(1,450,145)
Tax effect of change in tax rates		**(1,164,160)**	-
Tax effect of tax credits	30.5	**(33,623,591)**	-
Tax effect of permanent differences		**(3,636,878)**	(1,023,649)
		43,342,458	42,798,284

30.2 The returns of income tax have been filed up to and including tax year 2016. Except for tax year mentioned below, all other assessment years are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

30.3 In the current year, the income tax return for tax year 2016 was selected for audit by the Commissioner Inland Revenue. Deputy Commissioner had issued notice identifying several issues for proposed addition for which responses were filed taking various objections on point of law and facts. Proceedings in this regard have not yet been finalized, however, a provisional order was issued on 22 June 2017, reducing tax refundable by Rs. 5.5 million on account of unverified withholding tax and Rs.3.4 million in respect of WWF aggregating to Rs. 8.9 million, for which a rectification appeal has been filded which is pending. The management along with its tax advisor are confident that outcome of the proceedings will be in favour of the Company. Accordingly, no provision has been recognized in these unconsolidated financial statements.

30.4 The income tax return for tax year 2015 was selected for audit by the tax authorities. An amended Order was issued in which short credit of tax deducted and refund adjustment was allowed, and for which rectification application was moved. A rectification order was issued creating a refund which was received subsequent to the year end.

30.5 This represents tax credits under sections 65A, 65B and 65C on account of ninety percent sales to registered persons, purchase of plant and machinery and first year of listing of shares at Pakistan Stock Exchange Limited respectively.

31. EARNINGS PER SHARE - basic and diluted

		30 June 2017	30 June 2016
		(Rupees)	
Profit after tax	Rupees	**229,581,489**	98,676,961
			(Restated)
Weighted average number of ordinary shares outstanding during the year	Number	**120,773,973**	82,500,000
Earnings per share - basic and diluted	Rupees	**1.90**	1.20

31.1 Weighted average number of ordinary shares

	30 June 2017	30 June 2016
	(Number)	
Issued ordinary shares at beginning of the year	**75,000,000**	75,000,000
Effect of ordinary shares issued during the year	**34,794,521**	-
Effect of bonuus shares issued during the year	**10,979,452**	7,500,000
Weighted average number of ordinary shares at end of the year	**120,773,973**	82,500,000

32. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associated company and other companies with common directorship and significant influence, employees retirement benefit funds and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties, other than those disclosed elsewhere in these financial statements, are disclosed below:

	30 June 2017	30 June 2016
	(Rupees)	
(Due to) / due from related party - net		
- Specialized Motorcycle (Private) Limited	**(65,279,917)**	(62,079,057)
- Specialized Autoparts Industries (Private) Limited	**(214,522,602)**	(152,269,769)
- Multiple Autoparts Industries (Private) Limited	**(102,705,779)**	(77,012,059)
- Hi-Tech AutoParts (Private) Limited	**3,317,935**	-
Orient Trading Company (Private) Limited	**-**	114,666
Receivable from / (payable to) provident fund	**5,524,464**	(315,640)
Employee benefits - gratuity	**(287,395)**	4,849,146

	For the year ended 30 June 2017	30 June 2016
	(Rupees)	
Toll manufacturing from:		
- Specialized Autoparts Industries (Private) Limited	**309,496,337**	268,795,248
- Multiple Autoparts Industries (Private) Limited	**124,000,772**	127,316,133
Payments made during the year:		
- Specialized Autoparts Industries (Private) Limited	**(319,716,383)**	(311,831,282)
- Multiple Autoparts Industries (Private) Limited	**(130,078,333)**	(92,336,345)
- Specialized Motorcycle (Private) Limited	**(3,200,860)**	(22,289,106)
Payments made on behalf of:		
- Hi-Tech AutoParts (Private) Limited	**(3,317,935)**	-
- Specialized Motorcycle (Private) Limited	**-**	(121,088)
Mark-up charged by subsidiary companies	**22,282,853**	11,072,700
Expenses pertaining to Orient Trading Company (Private) Limited - net	**-**	88,940
Employee retirement benefits:		
- Expense for the year	**5,517,723**	5,788,780
- Contribution paid / (received) during the year	**-**	2,211,792
Treet Corporation Limited		
- Interest income	**12,454,200**	12,032,955
- Dividend income	**7,620,680**	7,492,475

The remuneration to key management personnel is given in note 37 to these unconsolidated financial statements.

33. CASH AND CASH EQUIVALENTS

	Note	30 June 2017	30 June 2016
		(Rupees)	
Cash and bank balances	14	**215,971,176**	6,659,967
Short term borrowings	21	**(28,395,236)**	(1,082,794,488)
		187,575,940	(1,076,134,521)

34. FINANCIAL RISK MANAGEMENT

The Company has exposure to following risks from its use of financial instrument:
- Credit risk
- Liquidity risk
- Market risk
- Operational risk

34.1 Risk management framework

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

34.2 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to credit risk

Credit risk of the Company arises principally from trade debts, loans and advance, deposits, bank balances and other receivables. The maximum exposure to credit risk at the reporting date was as follows:

	Note	30 June 2017	30 June 2016
		(Rupees)	
Trade debts - unsecured	8	**223,972,326**	213,888,667
Loans	10	**9,196,371**	6,583,614
Deposits and other receivables	9 & 11	**74,282,889**	18,010,073
Investments	13.1	**47,527,425**	42,124,508
Bank balances and term deposit receipts	14	**215,722,640**	6,237,364
		570,701,651	286,844,226

Credit rating and collaterals

Bank balances and term deposit receipts are only held with reputable banks having sound credit ratings. The credit quality of Company bank balances can be assessed with reference of external credit ratings as follows:

Bank	Rating Agency	Short term rating	30 June 2017 (Rupees)	30 June 2017 (%)
JS Bank Limited	PACRA	A1+	101,000,000	46.8%
Meezan Bank Limited	JCR-VIS	A1+	61,383,439	28.5%
Bank AL Habib Limited	JCR-VIS	A1+	44,912,510	20.8%
National Bank of Pakistan	PACRA	A1+	4,784,079	2.2%
Habib Bank Limited	JCR-VIS	A1+	1,902,824	0.9%
Summit Bank Limited	JCR-VIS	A1	1,073,501	0.5%
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A1	312,407	0.2%
Askari Bank Limited	PACRA	A1+	134,000	0.1%
MCB Bank Limited	PACRA	A1+	99,057	0.0%
United Bank Limited	JCR-VIS	A1+	61,862	0.0%
Habib Metropolitan Bank Limited	PACRA	A1+	41,404	0.0%
Bank Alfalah Limited	PACRA	A1+	17,000	0.0%
Soneri Bank Limited	PACRA	A1+	557	0.0%
			215,722,640	100%

Concentration of credit risk

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractuaobligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the company's performance to developments affecting a particular industry. All of the Company's receivables are from distributors of automotive industries.

Impairment losses and past due balances

The ageing of trade debtors at reporting date was as follows:

	30 June 2017			30 June 2016		
	Gross	Impairment	Net	Gross	Impairment	Net
	(Rupees)					
Less than or equal to 30 days	**192,439,859**	**-**	**192,439,859**	186,763,991	-	186,763,991
More than 30 days but not more than 60 days	**12,843,562**	**-**	**12,843,562**	8,158,696	-	8,158,696
More than 60 days	**18,688,905**	**-**	**18,688,905**	19,371,586	405,606	18,965,980
	223,972,326	**-**	**223,972,326**	214,294,273	405,606	213,888,667

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due do not require any impairment except as provided in these unconsolidated financial statements. Trade debts pertaining to three major customers of the Company aggregates to 74.17% as at 30 June 2017 (30 June 2016: 74.95%). No trade debts are outstanding with related parties.

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	30 June 2017					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	One year to three years
	(Rupees)					
Non-derivative financial liabilities						
Short term borrowing	**28,395,236**	**(28,824,004)**	**(14,342,434)**	**(14,481,570)**	**-**	**-**
Trade and other payables	**197,425,428**	**(197,425,428)**	**(161,125,254)**	**(36,300,174)**	**-**	**-**
Due to related parties - net	**379,190,363**	**(381,042,630)**	**(381,042,630)**	**-**	**-**	**-**
Liabilities against assets subject to finance lease	**22,193,106**	**(23,665,259)**	**(1,191,946)**	**(2,383,892)**	**(10,727,515)**	**(9,361,906)**
Accrued mark-up on short term borrowings	**587,567**	**(587,567)**	**-**	**-**	**-**	**-**
Unclaimed dividend	**1,420,509**	**(1,420,509)**	**-**	**-**	**-**	**-**
	629,212,209	**(632,965,397)**	**(557,702,264)**	**(53,165,636)**	**(10,727,515)**	**(9,361,906)**

	30 June 2016					
	Carrying amount	Contractual cash flows	Less than one month	One to three months	Three months to one year	One year to three years
	(Rupees)					
Non-derivative financial liabilities						
Short term borrowing	1,082,794,488	(1,099,144,685)	(546,919,496)	(552,225,189)	-	-
Trade and other payables	59,497,762	(59,497,762)	(40,249,328)	(19,248,434)	-	-
Due to related parties - net	291,360,885	(293,221,818)	(293,221,818)	-	-	-
Liabilities against assets subject to finance lease	34,845,771	(37,624,627)	(1,469,255)	(2,938,510)	(13,223,294)	(19,993,568)
Accrued mark-up on short term borrowings	18,373,782	(18,373,782)	-	-	-	-
	1,486,872,688	(1,507,862,674)	(881,859,897)	(574,412,133)	(13,223,294)	(19,993,568)

34.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Company is exposed to all of the three risks which are as follows:

34.4.1 *Currency risk*

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

	30 June 2017			
	Rupees	USD	SGD	JPY
Creditors	**128,508,982**	**827,140**	**32,535**	**41,813,310**
Net balance sheet exposure	**28,508,982**	**827,140**	**32,535**	**41,813,310**

The following significant exchange rates applied during the year:

	Average rate		Balance sheet date rate	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
USD to Pak Rupees	**107.35**	109.41	**104.85**	104.83
SGD to Pak Rupees	**78.40**	81.00	**76.19**	77.93
JPY to Pak Rupees	**0.98**	1.08	**0.94**	1.02

Sensitivity Analysis

A 10 percent strengthening of the Rupee against USD, SGD and JPY at 30 June 2017 would have increased equity and profit and loss account by the amounts (net of tax) shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

As at 30 June 2017	**Profit and loss**	**Equity**
	(Rupees)	
Effect of change in USD	**57,073**	**57,073**
Effect of change in SGD	**2,245**	**2,245**
Effect of change in JPY	**2,885,118**	**2,885,118**
Gross exposure	**2,944,436**	**2,944,436**

The Company does not have any foreign currency borrowing as at 30 June 2017.

34.4.2 *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances in profit and loss sharing account.

At balance sheet date, details of the interest rate profile of the Company's interest bearing financial instruments were as follows:

	30 June 2017	**30 June 2016**
	(Rupees)	
Variable rate instruments		
Financial assets	**51,602,345**	6,583,614
Financial liabilities	**(306,235,236)**	(1,388,483,763)
	(254,632,891)	(1,381,900,149)
Fixed rate instruments		
Financial assets	**320,655,667**	48,708,122
Financial liabilities	**(22,193,106)**	(14,954,584)
	298,462,561	33,753,538

Fair value sensitivity analysis of fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at reporting date would not have impact on profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts (net of tax) shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for June 2016.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2017				
Cash flow sensitivity - variable rate instruments	**(1,756,967)**	**1,756,967**	**(1,756,967)**	**1,756,967**
As at 30 June 2016				
Cash flow sensitivity - variable rate instruments	(9,396,921)	9,396,921	(9,396,921)	9,396,921

34.4.3 *Other price risk*

Other price risk includes equity price risks which is the risk of changes in the fair value of equity securities as a result of changes in the levels of KSE 100 Index and the value of individual shares. The equity price risk exposure arises from investments in equity securities held by the Company for which prices in the future are uncertain.

As at 30 June 2017, the fair value of equity securities exposed to price risk are disclosed in note 13. The table below summarises the sensitivity of the price movements as at 30 June 2016. The analysis is based on the assumption that KSE-100 index increased by 1% (30 June 2016: 1%) and decreased by 1% (30 June 2016: 1%), with all other variables held constant and that the fair value of the Company's portfolio of equity securities moved according to their historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of index of past three years (30 June 2016: three years).

The impact below arises from the reasonable possible change in the fair value of listed equity securities:

Effect of increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

	30 June 2017	30 June 2016
	(Rupees)	
Effect on investments	**1,014,217**	855,654
Effect on profit and loss account	**486,740**	427,380
Effect on equity	**527,477**	428,274

Effect of increase in the KSE-100 index on investments classified as 'fair value through profit or loss' and 'available-for-sale'

Effect on investments	**(1,014,217)**	(855,654)
Effect on profit and loss account	**(486,740)**	(427,380)
Effect on equity	**(527,477)**	(428,274)

The sensitivity analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Company's assets of future movements in the level of KSE 100 index.

34.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

35. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

The Company classifies fair value measurements of its investments using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market date (i.e., unobservable inputs).

36.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		30 June 2017									
		Carrying amount						Fair value			
	Note	Fair value through profit or loss	"Available-for-sale"	Held to maturity	"Loans, receivables and others"	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value											
Equity securities		1,146,573	52,747,744	-	-	-	53,894,317	53,894,317	-	-	53,894,317
Participation Term Certificates		47,527,425	-	-	-	-	47,527,425	47,527,425	-	-	47,527,425
Financial assets - not measured at fair value											
Subsidiaries - unlisted shares	36.1.1	-	-	-	550,000,000	-	550,000,000	-	-	-	-
Associate - listed shares		-	-	-	334,652,655	-	334,652,655	440,756,579	-	-	440,756,579
Debt securities		-	-	193,233,321	-	-	193,233,321	-	181,999,181	-	181,999,181
Trade debts	36.1.1	-	-	-	223,972,326	-	223,972,326	-	-	-	-
Loans	36.1.1	-	-	-	9,196,371	-	9,196,371	-	-	-	-
Deposits and other receivables	36.1.1	-	-	-	74,282,889	-	74,282,889	-	-	-	-
Cash and bank balances	36.1.1	-	-	-	215,971,176	-	215,971,176	-	-	-	-
		48,673,998	52,747,744	193,233,321	1,408,075,417	-	1,702,730,480				
Financial liabilities - not measured at fair value											
Short term borrowing	36.1.1	-	-	-	-	28,395,236	28,395,236				
Trade and other payables	36.1.1	-	-	-	-	197,425,428	197,425,428				
Due to related parties - net	36.1.1	-	-	-	-	379,190,363	379,190,363				
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	22,193,106	22,193,106				
Accrued mark-up on short term borrowings	36.1.1	-	-	-	-	587,567	587,567				
Unclaimed dividend	36.1.1	-	-	-	-	1,420,509	1,420,509				
		-	-	-	-	629,212,209	629,212,209				

		30 June 2016									
		Carrying amount						Fair value			
	Note	Fair value through profit or loss	"Available-for-sale"	Held to maturity	"Loans, receivables and others"	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value											
Equity securities		613,463	42,827,430	-	-	-	43,440,893	43,440,893	-	-	43,440,893
Participation Term Certificates		42,124,508	-	-	-	-	42,124,508	42,124,508	-	-	42,124,508
Financial assets - not measured at fair value											
Subsidiaries - unlisted shares	36.1.1	-	-	-	300,000,000	-	300,000,000				
Associate - isted shares		-	-	-	327,070,245	-	327,070,245	376,690,212	-	-	376,690,212
Trade debts	36.1.1	-	-	-	213,888,667	-	213,888,667				
Loans	36.1.1	-	-	-	6,583,614	-	6,583,614				
Deposits and other receivables	36.1.1	-	-	-	18,010,073	-	18,010,073				
Cash and bank balances	36.1.1	-	-	-	6,659,967	-	6,659,967				
		42,737,971	42,827,430	-	872,212,566	-	957,777,967				
Financial liabilities - not measured at fair value											
Short term borrowing	36.1.1	-	-	-	-	1,082,794,488	1,082,794,488				
Trade and other payables	36.1.1	-	-	-	-	51,669,947	51,669,947				
Due to related parties - net	36.1.1	-	-	-	-	291,360,885	291,360,885				
Liabilities against assets subject to finance lease	36.1.1	-	-	-	-	34,845,771	34,845,771				
Accrued mark-up on short term borrowings	36.1.1	-	-	-	-	18,373,782	18,373,782				
		-	-	-	-	1,479,044,873	1,479,044,873				

36.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Rupees)							
Managerial remuneration	**7,007,124**	6,014,225	**7,267,328**	5,311,006	**8,678,568**	7,382,157	**22,953,020**	18,707,388
House rent and utilities	**7,583,552**	6,507,914	**7,942,816**	5,806,977	**11,638,644**	9,177,609	**27,165,012**	21,492,500
Bonus	**5,200,000**	2,554,339	**5,400,000**	2,119,017	**6,772,405**	3,440,334	**17,372,405**	8,113,690
Medical	**536,848**	454,168	**738,379**	546,295	**1,681,624**	2,326,098	**2,956,851**	3,326,561
Contribution to retirement benefits funds	**700,352**	601,061	**174,468**	30,051	**434,208**	318,912	**1,309,028**	950,024
	21,027,876	16,131,707	**21,522,991**	13,813,346	**29,205,449**	22,645,110	**71,756,316**	52,590,163
Number of persons	**1**	1	**8**	8	**9**	8	**18**	17

37.1 The aggregate amount paid to directors in respect of attending board and other meetings was nil (2016: nil).

37.2 The Chief Executive, directors and certain executives are provided with free use of group maintained cars in accordance with their entitlements.

38. PROVIDENT FUND

The following information is based on latest unaudited financial statements of the fund:

	30 June 2017	30 June 2016
	(Un-audited) (Rupees)	
Size of the Fund	**63,586,471**	72,172,128
Cost of investment made	**54,479,372**	45,193,059
Fair value / amortised cost of investments	**69,110,935**	72,935,020
Percentage of investments made - based on fair value / amortised cost	**108.69%**	101.06%

Break-up of investments in terms of amount and percentage of the size of provident fund are as follows:

	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	(Un-audited)			
	(Rupees)		(% of the size of the fund)	
Term Finance Certificates	**31,290,753**	72,136,298	**49.21%**	100%
Mutual Funds	**1,666,264**	798,722	**2.62%**	1%
Government bonds	**31,696,764**	-	**49.85%**	0%
Equity Securities	**4,457,154**	-	**7.01%**	0%
	69,110,935	72,935,020	**109%**	101%

The above investments out of provident fund have been made in accordance with the requirement of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The financial statements of the provident fund have not been audited since its inception.

39. PLANT CAPACITY AND PRODUCTION

The production capacity of the plant cannot be determined as it depends on the relative proportions of various types / sizes of sub-assemblies, components and parts produced for various types of vehicles.

40. STAFF STRENGTH

	"30 June 2017	"30 June 2016	"30 June 2017	"30 June 2016
	(Numbers) Permanent		(Numbers) Contractual	
Total number of employees	**246**	247	**463**	425
Average number of employees	**247**	243	**444**	416

41. OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment. Geographically, all the sales were carried out in Pakistan. All non-current assets of the Company as at 30 June 2017 are located in Pakistan. Sales to three major customers of the Company aggregates to 87.2% during the year ended 30 June 2017 (30 June 2016: 87.16%).

42. GENERAL

42.1 All Shares Islamic Index Screening

Advances, deposits and bank balances do not carry any mark-up. Bank balances are placed with conventional banks in current and saving accounts. Other disclosures are included in notes 13 and 28.

42.2 Post Balance Sheet Non-Adjusting Event

The directors in their meeting held on 25 September 2017, have recommended final dividend of Re. 1 per share (30 June 2016: Re. 1 per share) in respect of year ended 30 June 2017 and have announced issue of bonus shares at the rate 10% (30 June 2016: 10%). Bonus shares will not be entitled to cash dividend.

These unconsolidated financial statements for the year ended 30 June 2017 do not include the effect of the above which will be accounted in the period in which it is approved.

42.3 Authorisation

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on 25 September 2017.

Chief Executive Officer

Director

Loads Limited

NOTICE OF 37TH ANNUAL GENERAL MEETING OF LOADS LIMITED

Notice is hereby given that the 37th Annual General Meeting of Loads Limited will be held on Thursday, October 26, 2017 at 11:30 a.m. at the Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

Ordinary Business

1. To confirm minutes of the 36th Annual General Meeting of the Company held on November 30, 2016.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017, together with the Directors' and Auditors' Reports thereon.

3. To approve Final Cash Dividend of Re. 1/- per share i.e. 10% for the year ended June 30, 2017 as recommended by the Board of Directors.

4. To appoint external auditors of the company for the year ending June 30, 2018 and to fix their remuneration. The retiring auditors, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

Special Business

5. To approve the issue of bonus shares in the ratio of 10 shares for every 100 shares held i.e. 10% as recommended by the board of directors and, if considered appropriate, to pass with or without modification(s) the following resolutions:

   Resolved that a sum of PKR 137,500,000/- out of the unappropriated profits of the Company be capitalized and applied towards the issue of 13,750,000 ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at the close of business on October 19, 2017, in the proportion of ten shares for every hundred ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares.

   Further Resolved that in the event of any member becoming entitled to a fraction of a share, the Directors be and are hereby authorised to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the proceeds of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

   Further Resolved that the Company Secretary be and is hereby authorized to take all necessary actions on behalf of the Company for allotment and distribution of the said bonus shares as he think fit.

6. Any other business with the permission of the Chair.

By Order of the Board

October 5, 2017
Karachi

Babar Saleem
Company Secretary

Notes:

(i) The Share Transfer Books of the Company will remain closed from October 20, 2017 to October 26, 2017 (both days inclusive) and the dividends/bonus will be paid to the Members whose names will appear in the Register of Members on October 19, 2017. 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. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahra-e-Faisal, Karachi. Telephone Number: 0800-23275, Fax: (92-21) 34326053, E-mail: info@cdcpak.com. 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.

(iii) For Attending the Meeting

(a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the meeting.

b) In case of corporate entity, 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.

(iv) For Appointing Proxies

(a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

(b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(c) Attested copies of the CNIC or passport of the benefi¬cial owners and the proxy shall be furnished with the proxy form.

(d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

(e) 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.

(v) 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 full the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, M/S. Central Depository Company of Pakistan 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, 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.

(vi) Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2017 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:

(a) For filers of income tax returns 15%; and
(b) For non-filers of income tax returns 20%.

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 20% instead of 15%.

(vii) 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	Total Account No.	Principal Shares		Joint Shareholder	
			Name & CNIC No.	No. of Shares	Name & CNIC No.	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).

(viii) Payment of Cash Dividend through Electronic Mode only

The provisions of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Further SECP through circular no.18 / 2017 has provided relaxation till October 31, 2017 for the compliance of this section and required the listed companies to approach their shareholders for obtaining electronic dividend mandate, update their bank account records and put a system in place, as all dividend payments with effect from November 1, 2017 shall be paid through electronic mode only.

Therefore, all 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. Central Depository Company of Pakistan Limited. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC. A standardized "Dividend Mandate Form" is available on Company's website: www.loads-group.pk

(ix) 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 September 8, 2014, permitted companies to circulate their annual balance sheet and profit and loss accounts, auditor's report, chairman's review and directors' report etc. ("Annual Report") along with 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, M/s. Central Depository Company of Pakistan Limited. In order to avail this facility a Standard Request Form is available at the Company's website: www.loads-group.pk

(x) Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We ______________ of ______________, being member(s) of Loads Limited holder ______________ Ordinary share(s)

as per Register Folio No. ______________ hereby opt for video conference facility at ______________.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting the Company to be held on October 26, 2017.

Agenda item no. 5: Bonus Issue

Your Directors have recommended the issue of Bonus Shares in the proportion of ten new shares for every hundred existing Ordinary Shares held at the close of business on October 19, 2017. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

چنانچہ، تمام شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنے بینک مینڈیٹ کی تفصیلات فراہم کریں جن میں یہ صراحت کی جائے: (i) ٹائٹل آف اکاؤنٹ (ii) اکاؤنٹ نمبر (iii) بینک کا نام (iv) برانچ کا نام، کوڈ اور کمپنی کے شیئر رجسٹرار، میسرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ۔ جن شیئر ہولڈرز کے شیئرز پارٹیسپینٹس / سنٹرل ڈیپازٹری کمپنی آف پاکستان (سی ڈی سی) کے پاس ہیں انھیں مشورہ دیا جاتا ہے کہ وہ اپنا مینڈیٹ متعلقہ بروکر / سی ڈی سی کو فراہم کریں۔ "ڈیویڈنڈ مینڈیٹ فارم" کمپنی کی ویب سائٹ www.loads-group.pk پر دستیاب ہے۔

(ix) سالانہ رپورٹ کی ای میل کے ذریعے تقسیم

ہمیں شیئر ہولڈرز کو مطلع کرتے ہوئے خوشی ہو رہی ہے کہ سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے ایس آر او نمبر 787(I)/2014 مورخہ 8 ستمبر، 2014 کے تحت کمپنیوں کو یہ اجازت دی ہے کہ وہ اپنے شیئر ہولڈرز کو سالانہ بیلنس شیٹ اور نفع و نقصان کے کھاتے، آڈیٹرز رپورٹ، چیئرمین کا جائزہ اور ڈائریکٹرز رپورٹ وغیرہ ("سالانہ رپورٹ") بمع سالانہ اجلاس عام کا نوٹس ("نوٹس") ای میل کے ذریعے بھیج سکتی ہیں۔ کمپنی کے جو شیئر ہولڈرز کمپنی کی سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹسز ای میل کے ذریعے وصول کرنا چاہتے ہیں، ان سے گزارش ہے کہ وہ مکمل کیا ہوا الیکٹرانک کمیونیکیشن کنسینٹ فارم، جو پہلے ہی انھیں بھیجا جا چکا ہے کمپنی کے شیئر رجسٹرار، میسرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کو فراہم کریں۔ اس سہولت سے فائدہ اٹھانے کے لیے کمپنی کی ویب سائٹ www.loads-group.pk پر اسٹینڈرڈ ریکوئسٹ فارم دستیاب ہے۔

(x) ایس ای سی پی کے سرکلر نمبر 10، مورخہ 21 مئی 2014 کے مطابق اگر کمپنی کو ایسے ممبرز کی طرف سے جو کسی جغرافیائی محل وقوع پر رہتے ہیں اور مجموعی طور پر 10 فیصد یا اس سے زیادہ شیئر ہولڈنگ رکھتے ہیں، اجلاس کی تاریخ سے کم از کم 10 روز قبل، وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کی آمادگی ملے تو کمپنی اس شہر میں وڈیو کانفرنس کا انتظام کرے گی، بشرطیکہ اس شہر میں یہ سہولت موجود ہو۔ براہ کرم اس ضمن میں درج ذیل کو پُر کریں اور اسے سالانہ اجلاس عام سے 10 روز قبل کمپنی کے رجسٹرڈ ایڈریس پر ارسال کریں۔

میں / ہم ---------------- از ---------------- لوڈز لمیٹڈ کے ---------------- شیئرز کے حامل ممبر (ممبرز) کی حیثیت سے، فولیو نمبر ---------- کے مطابق، بذریعہ ہذا ---------------- پر وڈیو کانفرنس کی سہولت لینا چاہتا / چاہتے ہیں۔

کمپنیز ایکٹ، 2017 کے سیکشن (3)134 کے تحت اسٹیٹمنٹ

یہ اسٹیٹمنٹ 26 اکتوبر، 2017 کو ہونے والے کمپنی کے سالانہ اجلاس عام میں خصوصی کارروائی کے بارے میں مادی حقائق کا اظہار کرتا ہے۔

ایجنڈا آئٹم نمبر 5: بونس ایشو

آپ کے ڈائریکٹرز نے 19 اکتوبر، 2017 کو کاروبار بند ہونے تک موجود ہر ایک سو آرڈنری شیئرز پر دس نئے شیئرز کے تناسب سے بونس شیئرز جاری کرنے کی سفارش کی ہے۔ ڈائریکٹرز اس بزنس میں ممبرز کی حیثیت سے بونس شیئرز کے استحقاق کی حد تک دلچسپی رکھتے ہیں۔

شیئر ہولڈرز کی سی این آئی سی کی کارآمد کاپی کی کمپنی کے ریکارڈ میں عدم دستابی کی صورت میں کمپنی مجبور ہوگی کہ وہ ڈیویڈنڈ وارنٹس روک لے جوشیئر رجسٹرار کی طرف سے اسی صورت میں جاری کیے جائیں گے جب ایس ای سی پی کی مذکورہ بالا ہدایت کی پابندی کرتے ہوئے سی این آئی سی کی کارآمد کاپی پیش کردی جائے گی۔

(vi) منافع منقسمہ پر ودہولڈنگ ٹیکس کی کٹوتی

حکومت پاکستان نے فنانس ایکٹ، 2017 کے تحت انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 میں بعض ترامیم کی ہیں جن کے تحت کمپنیوں کی طرف سے ادا کیے جانے والے منافع منقسمہ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کے لیے مختلف شرحیں مقرر کی گئی ہیں، جو مندرجہ ذیل ہیں:

(a) انکم ٹیکس گوشوارے جمع کرانے والوں کے لیے 15%؛ اور

(b) انکم ٹیکس گوشوارے جمع نہ کرانے والوں کے لیے 20%

جو شیئر ہولدرز فائیلرز ہیں، انھیں ہدایت کی جاتی ہے کہ وہ اس امر کو یقینی بنائیں کہ منافع منقسمہ ی ادائیگی کے وقت ان کے نام تازہ ترین ایکٹو ٹیکس پیئرز لسٹ (اے ٹی ایل) میں جو ایف بی آر کی ویب سائیٹ پر فراہم کی گئی ہے، شامل ہوں، ورنہ انھیں نان فائیلر سمجھا جائے گا اور ان کے نقد منافع منقسمہ پر ٹیکس 15% کی بجائے 20% کی شرح سے منہا کیا جائے گا۔

(vii) جوائنٹ اکاؤنٹ ہولڈرز کی صورت میں منافع منقسمہ پر ودہولڈنگ ٹیکس

کمپنی کو اس قابل بنانے کے لیے کہ وہ کمپنی کے منافع منقسمہ پر ودہولڈنگ ٹیکس کی کٹوتی کے لئے جوائنٹ اکاؤنٹ ہولڈر (ہولڈرز) کے شیئر ہولڈنگ کا تناسب متعین کرنے کے لیے (جہاں پرنسپل شیئر ہولڈر کی طرف سے شیئر ہولدنگ کا تعین نہیں کیا گیا) ریگولیٹرز کی ہدایات پر عمل کرے، شیئر ہولدرز سے گزارش ہے کہ وہ پرنسپل شیئر ہولڈر کی حیثیت سے اور جوائنٹ اکاؤنٹ ہولڈرز کی شیئر ہولڈنگ کے تناسب کی تفصیلات، ذیل میں دیئے گئے فارمیٹ کے مطابق تحریری طور پر کمپنی کے شیئر رجسٹرار کو پیش کریں تاکہ کمپنی، اس کے مطابق ہر شیئر ہولڈر کا ود ہولڈنگ ٹیکس کاٹ سکے۔

کمپنی کام	فولیو سی ڈی سی کاؤنٹ نمبر	کل شیئرز	پرنسپل شیئر ہولڈر		جوائنٹ شیئر ہولڈر	
			نام اور سی این آئی سی نمبر	شیئرز کی تعداد	نام اور سی این آئی سی نمبر	شیئرز کی تعداد

مطلوبہ معلومات اس نوٹس کے 10 روز کے اندر ہمارے شیئر رجسٹرار تک پہنچ جانی چاہئیں ورنہ یہ سمجھا جائے گا کہ پرنسپل شیئر ہولڈر (ہولڈرز) اور جوائنٹ ہولڈر (ہولڈرز) کے پاس مساوی شیئرز ہیں۔

(viii) صرف الیکٹرانک طریقے سے نقد منافع منقسمہ کی ادائیگی

کمپنیز ایکٹ، 2017 (دی "ایکٹ") کے سیکشن 242 کی دفعات لسٹیڈ کمپنیوں کو پابند کرتی ہیں کہ کسی لسٹیڈ کمپنی کی طرف سے اعلان کیے جانے والے منافع منقسمہ کو شیئر ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں صرف الیکٹرانک طریقے سے براہ راست ادا کیا جائے گا۔ مزید برآں سرکلر نمبر 18/ 2017 کے ذریعے ایس ای سی پی نیا لیکٹرانک ڈیویڈنڈ مینڈیٹ کے حصول، ان کے بینک اکاؤنٹ ریکارڈ کو اپ ڈیٹ کرنے اور ایک نظام بنانے کے لیے شیئر ہولدرز تک رسائی کی خاطر صرف ایک بار 31 اکتوبر 2017 تک اس میں نرمی کی اجازت دی ہے۔ کیونکہ یکم نومبر، 2017 سے ڈیویڈنڈ کی تمام ادائیگیاں صرف الیکٹرانک طریقے سے کی جائیں گی۔

Loads Limited

نوٹس:

(i) کمپنی کی شیئر ٹرانسفر بکس 20 اکتوبر، 2017 سے 26 اکتوبر، 2017 (دونوں دن شامل ہیں) بند رہیں گی، اور منافع منقسمہ / بونس اُن ممبرز کو ادا کیا جائے گا جن کے نام 19 اکتوبر، 2017 کو رجسٹر آف ممبرز میں درج ہوں گے، ممبرز (نان سی ڈی سی) سے گزارش ہے کہ وہ اپنے پتے میں کسی تبدیلی سے فوری طور پر کمپنی کے رجسٹرار کو مطلع کریں اور ان پر قابل اطلاق ہو تو زکوٰۃ نہ کاٹنے کا فارم CZ-50، کمپنی کے رجسٹرار، میسرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، B-99، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہِ فیصل، کراچی کو جمع کرائیں، ٹیلفون نمبر: 0800-23275، فیکس: 34326053 (21-92)، ای میل info@cdcpak.com۔ ان تمام ممبرز سے جن کے پاس سی ڈی سی کی ذریعے شیئرز ہیں، گزارش کی جاتی ہے کہ وہ اپنے پارٹیسپینٹس کے ساتھ اپنا پتہ اور زکوٰۃ اسٹیٹس اپ ڈیٹ کریں۔

(ii) اس اجلاس میں شرکت اور ووٹ ڈالنے کا استحقاق رکھنے والا کوئی ممبر، اپنے بجائے کسی دوسرے ممبر کو شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کر سکتا ہے۔ پراکسی کو مقرر کرنے کی باضابطہ اطلاع اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے پراکسی کے لیے کمپنی کا ممبر ہونا ضروری ہے۔ پراکسی کے لیے ضروری ہے کہ وہ کمپنی کا ممبر ہو۔ جن ممبرز نے اپنے شیئرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ ("سی ڈی سی") میں ڈیپازٹ کرائے ہیں، انھیں درج ذیل گائیڈ لائنز پر بھی عمل کرنا ہوگا جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 26 جنوری 2000 کو جاری کیے جانے والے اپنے سرکلر میں طے کیا ہے۔

(iii) **اجلاس میں شرکت کے لیے:**

a افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا وہ افراد جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرے گا / کرے گی۔

b کارپوریٹ ادارے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی بمع نامزد کردہ کے نمونہ دستخط (اگر یہ اس سے قبل فراہم نہیں کیے گئے) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

(iv) **برائے تقرر پراکسیز:**

a. افراد کی صورت میں، اکاؤنٹ ہولڈر اور / یا سب اکاؤنٹ ہولڈر اور / یا وہ فرد جس کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور رجسٹریشن کی تفصیلات سی ڈی سی ضابطوں کے مطابق اپ لوڈ ہیں، مذکورہ بالا تقاضے کے مطابق پراکسی فارم پیش کریں گے۔

b. پراکسی فارم کی گواہی دو افراد دیں گے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں گے۔

c. بینی فیشل اونرز اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔

d. اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرے گا / کرے گی۔

e. کارپوریٹ ادارے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی بمع نمونہ دستخط (اگر یہ اس سے قبل فراہم نہیں کیے گئے) اجلاس میں شرکت کے وقت پراکسی فارم کے ساتھ کمپنی کو پیش کرنا ہوں گے۔

(v) **سی این آئی سی کی کاپیاں اور این ٹی این سرٹیفکیٹ پیش کرنا (لازمی)**

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی ہدایت کے تحت ضروری ہے کہ ڈیویڈنڈ وارنٹس پر شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر (سی این آئی سی) درج ہوں۔ شیئر ہولڈرز سے گزارش کی جاتی ہے کہ وہ قانونی تقاضوں کو پورا کریں اور اپنے سی این آئی سی کی کاپی (اگر اس سے پہلے فراہم نہیں کی گئی) کمپنی کے شیئر رجسٹرار، میسرز سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ کو پیش کریں۔

لوڈز لمیٹڈ کے 37ویں سالانہ اجلاس عام کا نوٹس

بذریعہ ہذا نوٹس دیا جاتا ہے کہ لوڈز لمیٹڈ کا 37واں سالانہ اجلاس عام جمعرات 26 اکتوبر، 2017 کو صبح 11:30 بجے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی)، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی کے آڈیٹوریم میں ہوگا۔ جس میں درج ذیل امور نمٹائے جائیں گے۔

عمومی کارروائی

1. 30 نومبر، 2016 کو ہونے والے کمپنی کے 36ویں سالانہ اجلاس عام کی کارروائی کی منظوری۔
2. 30 جون، 2017 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی حسابات بمع ڈائریکٹرز اور آڈیٹرز رپورٹس کی وصولی، ان پر غور اور منظوری۔
3. 30 جون، 2017 کو ختم ہونے والے سال کے لیے 1 روپیہ فی شیئر یعنی 10 فیصد حتمی نقد منافع منقسمہ کی منظوری، جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے۔
4. 30 جون، 2018 کو ختم ہونے والے سال کے لیے کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔ ریٹائر ہونے والے آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے ناتے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔

خصوصی کارروائی

5. ہر 100 شیئرز کے لیے 10 شیئرز کے تناسب سے بونس شیئرز کے اجرا کی منظوری، جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے، اور اگر مناسب سمجھا جائے تو درج ذیل قراردادوں کی کسی ردوبدل کے ساتھ یا بغیر عام قرارداد کی حیثیت سے منظوری۔

طے کیا جاتا ہے کہ کمپنی کے غیر تخصیص شدہ منافع سے مبلغ -/137,500,000 پاکستانی روپے -/10 روپے فی شیئر کے حساب سے 13,750,000 آرڈنری شیئرز کے اجرا کے لیے کیپیٹلائز اور استعمال کیے جائیں، اور اُن ممبر کو، ہر ایک سو آرڈنری شیئرز پر دس شیئرز کے تناسب سے مکمل ادا شدہ بونس شیئرز کی حیثیت سے الاٹ کردیے جائیں، جو 19 اکتوبر، 2017 کو کاروبار کے بند ہونے تک کمپنی کے کھاتوں میں رجسٹرڈ ہیں اور یہ کہ ایسے نئے شیئرز موجودہ آرڈنری شیئرز کے برابر ہوں گے۔

مزید طے کیا جاتا ہے کہ اس صورت میں کہ کوئی ممبر کسی شیئر کے ایک حصے کا حقدار بن جاتا ہے، تو ڈائریکٹرز ایسے تمام حصوں کو یکجا کرنے اور اس طرح وجود میں آنے والے شیئرز کو اسٹاک مارکیٹ میں فروخت کرنے اور اس سے ہونے والا منافع، کسی تسلیم شدہ خیراتی ادارے کو، جس کا انتخاب کمپنی کے ڈائریکٹرز کریں گے، کے مجاز ہوں اور انھیں بذریعہ ہذا اس کا اختیار دیا جاتا ہے۔

مزید طے کیا جاتا ہے کہ کمپنی سیکرٹری، کمپنی کی جانب سے مذکورہ بالا بونس شیئرز کو جس طرح بھی مناسب سمجھیں الاٹمنٹ اور تقسیم کے لیے تمام ضروری اقدامات کریں اور بذریعہ ہذا انھیں اس کا اختیار دیا جاتا ہے۔

6. چیئر کی اجازت سے کوئی بھی دوسری کارروائی۔

بحکم بورڈ

بابر سلیم
کمپنی سیکرٹری

5 اکتوبر، 2017
کراچی

Loads Limited

DIVIDEND MANDATE FORM

The Manager Shares
Central Depository Company of Pakistan Limited,
CDC House, 99-B, Block-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi

I,
Mr./Mrs./Ms. …………………………………….. S/O,D/O,W/O………………………………………………………..… hereby authorize Loads Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

Shareholder's Detail:	
Name of Shareholder	
Folio No./CDC ID	
CNIC No.*	
Passport No. (In case of foreign shareholder)**	
Cell Number	
Landline Number, if any	
Title of Bank Account	
Bank Account No.	
IBAN #	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____
Signature of the Shareholder

Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the mandate to the concerned Broker / CDC.

*Please attach attested photocopy of the CNIC.
**Please attach attested photocopy of the Passport.

Loads Limited

Pattern of Shareholding

As of June 30, 2017

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1395	1	to	100	62,596
1238	101	to	500	536,282
2878	501	to	1000	2,029,161
3017	1001	to	5000	6,944,600
521	5001	to	10000	4,027,938
171	10001	to	15000	2,144,163
105	15001	to	20000	1,918,185
45	20001	to	25000	1,039,545
31	25001	to	30000	879,641
40	30001	to	35000	1,336,471
22	35001	to	40000	847,839
16	40001	to	45000	691,968
27	45001	to	50000	1,329,282
8	50001	to	55000	423,111
5	55001	to	60000	290,752
6	60001	to	65000	372,072
2	65001	to	70000	133,590
5	70001	to	75000	370,107
3	75001	to	80000	235,194
1	80001	to	85000	82,125
6	85001	to	90000	529,000
3	90001	to	95000	277,000
14	95001	to	100000	1,392,375
4	100001	to	105000	404,800
5	105001	to	110000	546,979
1	110001	to	115000	110,300
3	120001	to	125000	374,000
2	125001	to	130000	257,381
1	130001	to	135000	135,000
2	135001	to	140000	275,850
1	140001	to	145000	141,587
2	145001	to	150000	296,500
2	150001	to	155000	305,086
1	155001	to	160000	156,664
1	160001	to	165000	161,000
1	165001	to	170000	168,500
1	170001	to	175000	175,000
2	175001	to	180000	358,720
2	195001	to	200000	400,000
1	200001	to	205000	205,000
1	210001	to	215000	215,000
2	220001	to	225000	440,232
3	230001	to	235000	696,712
1	240001	to	245000	245,000
1	245001	to	250000	250,000
1	255001	to	260000	259,500
1	260001	to	265000	261,000
2	270001	to	275000	541,052
1	295001	to	300000	300,000
2	325001	to	330000	655,701
1	385001	to	390000	388,500
2	395001	to	400000	800,000
1	495001	to	500000	500,000
1	575001	to	580000	580,000
1	580001	to	585000	582,540
1	585001	to	590000	585,825
1	620001	to	625000	623,602
1	745001	to	750000	749,733
1	785001	to	790000	790,000
1	795001	to	800000	800,000
1	845001	to	850000	850,000
1	1565001	to	1570000	1,566,400
2	1755001	to	1760000	3,514,839
1	2635001	to	2640000	2,638,200
1	2780001	to	2785000	2,780,500
1	2875001	to	2880000	2,875,250
1	3165001	to	3170000	3,170,000
1	3190001	to	3195000	3,194,525
1	17175001	to	17180000	17,177,325
1	57100001	to	57105000	57,103,200
9628				**137,500,000**

Pattern of Shareholding

As of June 30, 2017

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children & Sponsors			
Syed Shahid Ali Shah	1	57,108,975	41.53
Saulat Said	1	6,843	0.00
Munir Karim Bana	1	3,194,525	2.32
Mohammad Ziauddin	1	749,733	0.55
Syed Sheharyar Ali	1	6,875	0.01
Najam I. Chaudhri	1	90,000	0.07
Amir Zia	1	550	0.00
Shamim Ahmed Siddiqui	1	547	0.00
Associated Companies, undertakings and related parties			
Treet Corporation Limited.	1	17,177,325	12.49
Executives	**1**	**16,425.00**	**0.01**
Public Sector Companies and Corporations	-	-	-
Banks, development finance institutions, non-banking finance companies,			
insurance companies, takaful, modarabas and pension funds	12	6,762,611.00	4.92
Mutual Funds			
CDC - Trustee First Dawood Mutual Fund	1	50,000	0.04
CDC - Trustee Askari Asset Allocation Fund	1	75,000	0.05
General Public			
a. Local	9529	44,979,873	32.71
b. Foreign	5	14,712	0.01
Foreign Companies	1	50,000	0.04
Others	69	7,216,006	5.25
Totals	**9628**	**137,500,000**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
Associated Companies, undertakings and related parties	57,108,975	41.53
Treet Corporation Limited	17,177,325	12.49

Loads Limited

FORM OF PROXY

I/We ____

of______________________________________ being a Member of Loads Limited and holder(s) of

_________________ Ordinary Shares as per Share Register Folio No. ______________________

For beneficial owners as per CDC List

CDC Participant ID No. ____________ Sub Account No. __________

CNIC No. | | | | | | | | | | | | | | | | Passport No. ____________

hereby appoint Mr./Mrs./Miss._________________________ of ______________ or failing him/her

Miss/Mrs./ Mr. ____ of ____________ another

person on my/our proxy to attend and vote for me/us and my/our behalf at Annual General Meeting of the Company to be held on thursday, October 26, 2017 at 11:30 a.m. and at every adjournment thereof, if any.

Please affix Rupees
Five Revenue Stamp

Signature should agree with the specimen signature registered with the Company)

Signature of Shareholder_______________

Signature of Proxy _______________

Signed this _______ day of October 2017

1. WITNESS

Signature: _________________________

Name: _________________________

Address: _________________________

____

CNIC No. or Passport No._______________

2. WITNESS

Signature: _________________________

Name: _________________________

Address: _________________________

____

CNIC No. or Passport No._______________

1. This Proxy Form duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities in addition to the above the following requirements have to be met.

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting.

iii. In case of a 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.

Loads Limited
Plot# 23, Sector 19,
Korangi Industrial Area,
Karachi-74900, Pakistan.

AFFIX
CORRECT
POSTAGE
STAMPS

فارم آف پراکسی

میں / ہم --

جس / جن کا تعلق -- سے ہے،

لوڈز لمیٹڈ کا / کے ممبر ہیں اور رجسٹر فولیو نمبر ---------------- کے مطابق ---------------- آرڈنری شیئرز کے شیئر ہولڈر(s) ہیں۔

سی ڈی سی لسٹ کے مطابق بنی فیشل اونرز کے لیے
سی ڈی سی میں شرکت کا شناختی نمبر -------------------- سب اکاؤنٹ نمبر --------------------
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر -------------------- پاسپورٹ نمبر --------------------

جناب / محترمہ -------------------- کو، جن کا تعلق -------------------- سے ہے یا ان کی ناکامی کی صورت میں دوسرے فرد کی حیثیت سے جناب / محترمہ -------------------- کو، جن کا تعلق -------------------- سے ہے، جمعرات 26 اکتوبر، 2017 کو صبح 11:30 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام اور التوا کی صورت میں بعد میں ہونے والے اجلاسوں میں میری / ہماری جانب سے شرکت اور میری / ہماری جانب سے ووٹ دینے کے لیے مقرر کرتا / کرتی / کرتے ہیں۔

براہ کرم اس پر پانچ روپے کا ریونیو ٹکٹ لگائیں

(دستخط، نمونے کے اس دستخط سے ملنے چاہیئیں جو کمپنی کے پاس رجسٹرڈ ہیں)

شیئر ہولڈر کے دستخط --------------------

دستخط کیے گئے ---- اکتوبر 2017

پراکسی کے دستخط

1. گواہ
دستخط: ------------------------------
نام: ------------------------------
پتہ: ------------------------------

سی این آئی سی یا پاسپورٹ نمبر --------------------

2. گواہ
دستخط: ------------------------------
نام: ------------------------------
پتہ: ------------------------------

سی این آئی سی یا پاسپورٹ نمبر --------------------

i. بنی فیشل اونرز اور پراکسی کے سی این آئی سی اور پاسپورٹ کی تصدیق شدہ کاپیاں، پراکسی فارم کے ساتھ جمع کرائی جائیں گی۔

ii. اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی یا پاسپورٹ پیش کرے گا۔

iii. کارپوریٹ ادارے کی صورت میں، پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمونے کے دستخط (اگر یہ پہلے فراہم نہیں کیے گئے) کمپنی کو پیش کرنا ہوں گے۔

1. صحیح طریقے سے پُر اور دستخط شدہ یہ پراکسی فارم، اجلاس شروع ہونے کے وقت سے لازمی طور پر 48 گھنٹے قبل اوپر درج کمپنی کے رجسٹرڈ دفتر کے ایڈریس پر پہنچ جانا چاہیئے۔

2. اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور کمپنی کو ایک سے زیادہ پراکسی انسٹرومنٹ داخل کرائے جائیں گے، تو اس قسم کے تمام انسٹرومنٹ آف پراکسی ناقابل قبول تصور کیے جائیں گے۔

3. سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے، مذکورہ بالا کے علاوہ درج ذیل تقاضوں کو بھی پورا کریں۔

لوڈز لمیٹیڈ

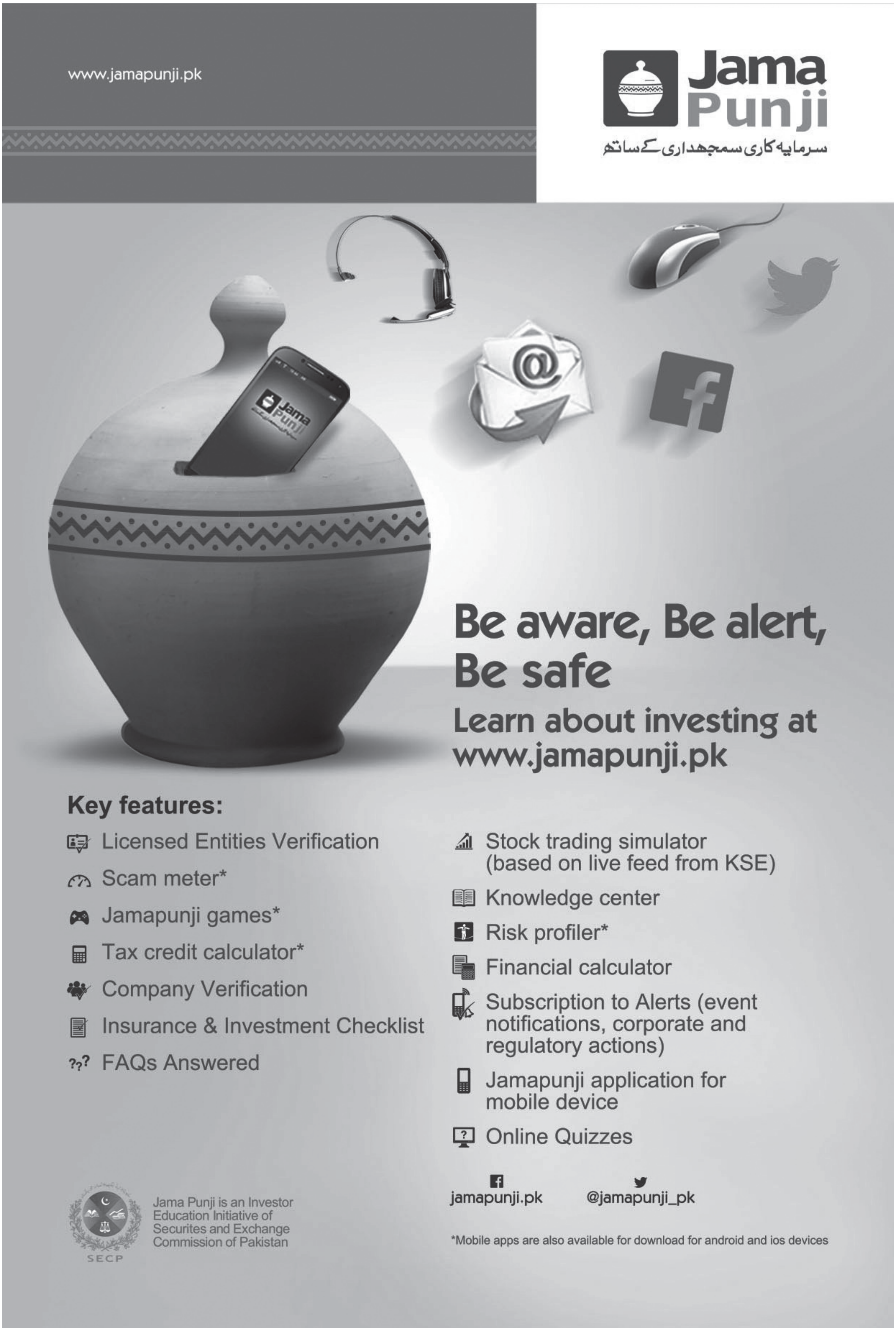
پلاٹ نمبر 23، سیکٹر 19،

کورنگی انڈسٹریل ایریا،

کراچی 74900، پاکستان۔

ڈاک ٹکٹ

یہاں چسپاں کریں



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