

# Agriauto Industries Limited

Condensed Interim Financial Statements  
For the Period & Quarter Ended December 31, 2019  
(Un-audited)



# Company Information

## BOARD OF DIRECTORS

Yutaka Arae  
Fahim Kapadia  
Hamza Habib  
Salman Burney  
Sohail P. Ahmed  
Ayesha T. Haq  
Muhammad Ali Jameel

Chairman  
Chief Executive  
Non Executive Director  
Non Executive Director  
Non Executive Director  
Independent Director  
Independent Director

## AUDIT COMMITTEE

Muhammad Ali Jameel  
Sohail P. Ahmed  
Ayesha T. Haq

Chairman  
Member  
Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Muhammad Ali Jameel  
Salman Burney  
Sohail P. Ahmed  
Yutaka Arae  
Fahim Kapadia

Chairman  
Member  
Member  
Member  
Member

## CHIEF FINANCIAL OFFICER

Saad Usman

## COMPANY SECRETARY

Syed Jawwad ul Haq Haqqi

## AUDITORS

EY Ford Rhodes  
Chartered Accountants

## SHARE REGISTRAR

FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotal Faran, Nursery,  
Block-6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi.  
Tel: 34380101-5, 34384621-3

## BANKERS - CONVENTIONAL

Habib Metropolitan Bank Limited  
Standard Chartered Bank (Pakistan) Ltd  
National Bank of Pakistan  
Habib Bank Limited  
United Bank Limited  
MCB Bank Limited

## REGISTERED OFFICE

5th Floor, House of Habib  
3 JCHS, Main Shahrah-e-Faisal,  
Karachi.

[Website: www.agriauto.com.pk](http://www.agriauto.com.pk)

[Email: info@agriauto.com.pk](mailto:info@agriauto.com.pk)

## FACTORY

**Agriauto Industries Limited**  
Mouza Baroot, Hub Chowki,  
Distt. Lasbella, Balochistan.

**Agriauto Stamping Company (Pvt.) Ltd**  
DSU-12B, Down Stream Industrial Estate  
Pakistan Steel, Bin Qasim, Karachi.

## DIRECTORS' REVIEW REPORT

The Directors of your Company would like to report on the financial position and performance of your Company for the Half year and quarter ended December 31, 2019.

### SUMMARY OF FINANCIAL RESULTS

#### Consolidated

	<i>Rs in "mill"</i>			
	Six months ended		Three months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Turnover	<u>2,784.82</u>	<u>4,936.71</u>	<u>1,335.59</u>	<u>2,632.20</u>
Gross Profit	<u>209.08</u>	<u>821.94</u>	<u>108.26</u>	<u>463.21</u>
Profit before taxation	<b>50.05</b>	613.94	<b>27.56</b>	351.52
Taxation	<u>(51.87)</u>	<u>(114.06)</u>	<u>(26.83)</u>	<u>(63.63)</u>
(Loss) / Profit after taxation	<u><b>(1.82)</b></u>	<u>499.89</u>	<u><b>0.732</b></u>	<u>287.89</u>
Earnings per share (Rs.)	<b>(0.06)</b>	17.36	<b>0.03</b>	10.00

During the period under review, production of passenger car/LCV segment declined by 46%, motorcycle by 12% and tractor by 36% over the corresponding period last year. The reduction in industry volumes had an adverse impact on the Company's sales and profitability.

The consolidated turnover (net) for the six months under review was Rs. 2,784.82 (2018: Rs. 4,936.71) million reflecting a decrease of 44% over corresponding period last year. Profit before tax decreased by 92% (2019: Rs. 50.05 million v 2018: Rs. 613.94 million). The main reasons for decline in profitability include higher cost of input due to double digit inflation and significant devaluation against USD/JPY. In addition, sharp reduction in volumes over corresponding period last year also resulted in lower overhead absorption.

Earnings Per Share (EPS) for the half year under consideration also declined from Rs.17.36 to reach Rs. -0.06, lower by 100% over corresponding period last year.

#### Standalone

	<i>Rs in "Mill"</i>			
	Six months ended		Three months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Turnover	<u>2,065.32</u>	<u>3,510.72</u>	<u>994.27</u>	<u>1,835.53</u>
Gross Profit	<u>180.49</u>	<u>543.28</u>	<u>90.60</u>	<u>286.83</u>
Profit before taxation*	<b>140.51</b>	356.75	<b>125.44</b>	188.78
Taxation	<u>(28.58)</u>	<u>(107.92)</u>	<u>(18.64)</u>	<u>(60.23)</u>
Profit after taxation	<u><b>111.93</b></u>	<u>248.84</u>	<u><b>106.80</b></u>	<u>128.55</u>
Earnings per share (Rs.)	<b>3.89</b>	8.64	<b>3.71</b>	4.46

\* Profit after taxation includes dividend from the subsidiary company amounting to Rs. 114million (2018 – Rs. 114 million)

The turnover (net) for the six months under review was Rs. 2,065 (2018: Rs. 3,511) million reflecting a decrease of 41% over corresponding period last year. Profit before tax also decreased by 60% (2019: Rs. 141 million v 2018: Rs. 357 million) which is mainly attributable to lower volumes. Earnings Per Share (EPS) for the period decreased from Rs. 8.64 to Rs.3.89 (-55%).

We expect that the demand for vehicles will improve in the next quarter compared to the current trend. Generally, the demand for new vehicles are higher in the new calendar year and we believe that despite prevailing situation the demand for new vehicle will improve.

We are delighted to inform you that the Company is in the process of setting up an ED paint facility at Hub site, which shall result in an improved product offering to OEM customers. The facility is expected to come into operation by the end of the fiscal year 2019-20.

### **AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)**

During the quarter, the company conducted successful negotiations in respect of new business with a leading Original Equipment Manufacturer (OEM) for their upcoming vehicle which will make use of the additional capacity installed by the Company. This new business will help diversify the Company's customer base and sustain/improve the profitability of the Company. In light of the declining industry volumes, the Company also initiated several cost optimization measures which are also expected to foster cost efficiencies in both short and long term.

Finally, we would like to express our sincerest appreciation to all our Customers, Dealers, Bankers and foreign technical collaborators for their unabated support and confidence reposed in the Company. We are also thankful to all our employees who have worked diligently for the progress of the Company.

On behalf of the Board of Directors.



Fahim Kapadia  
Chief Executive



Yutaka Arae  
Chairman

Dated: February 03, 2020

## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹر حضرات یہ رپورٹ جمع سہ ماہی اور نصف سال ۳۱ دسمبر ۲۰۱۹ کی مالیاتی کارکردگی پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔  
کمپنی کی نصف سالہ مالیاتی نتائج بہ اختتام ۳۱ دسمبر ۲۰۱۹ کا خلاصہ درج ذیل ہے۔

### Consolidated

	Rs in "Mill"			
	Six months ended		Three months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Turnover	2,784.82	4,936.71	1,335.59	2,632.20
Gross Profit	209.08	822.04	108.26	463.30
Profit before taxation	50.05	613.94	27.56	351.52
Taxation	(51.87)	(114.06)	(26.83)	(63.63)
(Loss) / Profit after taxation	(1.82)	499.89	0.732	287.89
Earnings per share (Rs.)	(0.06)	17.36	0.03	10.00

زیر جائزہ مدت کے دوران، گزشتہ سال کی اسی مدت کے مقابلے میں، مسافر بردار کار / ایل سی وی کی پیداوار میں 46 فیصد، موٹر سائیکل میں 12 فیصد اور ٹریکٹر میں 36 فیصد کمی واقع ہوئی ہے۔ صنعتی حجم میں کمی کا کمپنی کی فروخت اور منافع پر منفی اثر پڑا۔

زیر نظر چھ ماہ کے مجموعی کاروبار (نیٹ) 2,784.82 ملین روپے (2018: 4,936.71 ملین روپے) جو گزشتہ سال کے اسی عرصے کے مقابلے میں 44 فیصد کمی کی عکاسی کر رہا ہے۔ قبل از ٹیکس منافع میں 92 فیصد کمی واقع ہوئی ہے (2019: 50.05 ملین روپے بمقابلہ 2018: 613.94 ملین روپے)۔ منافع میں کمی کی بنیادی وجوہات میں افراط زر اور امریکی ڈالر / جاپانی ین کے مقابلے میں روپے کی قدر میں نمایاں کمی شامل ہے۔ اس کے علاوہ، پچھلے سال کے اسی عرصے کے دوران پیداواری حجم میں تیزی سے کمی کے نتیجے میں اوور ہیڈ کی لاگت میں اضافہ ہوا۔

فی شیئر آمدنی 17.36 روپے سے گر کر 0.06 روپے تک جا پہنچا، جو گزشتہ سال کی اسی مدت کے مقابلے میں 100 فیصد کم ہے۔

### Standalone

	Rs in "Mill"			
	Six months ended		Three months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Turnover	2,065.32	3,510.72	994.27	1,835.53
Gross Profit	180.49	543.28	90.60	286.83
Profit before taxation *	140.51	356.75	125.44	188.78
Taxation	(28.58)	(107.92)	(18.64)	(60.23)
Profit after taxation	111.93	248.84	106.80	128.55
Earnings per share (Rs.)	3.81	8.64	3.71	4.46

\* قبل از ٹیکس منافع بشمول ماتحت کمپنی کے منافع 114 ملین روپے رہا (2018: 114 ملین روپے)۔

ذیر نظر چھ ماہ کے مجموعی کاروبار (نیٹ) 2,065 ملین روپے (2018: 3,511 ملین روپے) جو گذشتہ سال کے اسی عرصے کے مقابلے میں 41 فیصد کمی کی عکاسی کر رہا ہے۔ قبل اذیکس منافع میں 60 فیصد کمی واقع ہوئی ہے (2019: 141 ملین روپے بمقابلہ 2018: 357 ملین روپے)۔ فی شیئر آمدنی 8.64 روپے سے گر کر 3.89 (-55 فیصد) روپے تک پہنچ گیا۔

ہم توقع کرتے ہیں کہ موجودہ رجحان کے مقابلے اگلی سہ ماہی میں گاڑیوں کی مانگ میں بہتری آئے گی۔ عام طور پر، نئے تقویم سال میں نئی گاڑیوں کی مانگ زیادہ ہے اور ہمیں یقین ہے کہ موجودہ صورتحال کے باوجود نئی گاڑیوں کی طلب میں بہتری آئے گی۔

ہم آپ کو یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی حب سائٹ پر ای ڈی پینٹ کی سہولت قائم کر رہی ہے، جس کے نتیجے میں OEM صارفین کو بہتر مصنوعات کی پیش کش ہوگی۔ توقع ہے کہ یہ سہولت مالی سال 20-2019 کے اختتام تک عمل میں آجائے گی۔

### ایگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

سہ ماہی کے دوران، کمپنی نے ایک معروف ادائیگی (OEM) کسٹمر کے ساتھ انکی ایک آنے والی گاڑی کے لئے نئے کاروبار کے حوالے سے کامیاب مذاکرات کئے۔ جس کے ذریعے کمپنی کی اضافی پیداواری صلاحیت کا استعمال ممکن ہو گا۔ یہ نیا کاروبار کمپنی کے کسٹمر بیس کو متنوع بنانے اور کمپنی کے منافع کو برقرار رکھنے / بہتر بنانے میں مدد دے گا۔ ذوال پذیر صنعتی حجم کی روشنی میں، کمپنی نے مختلف معاملات میں لاگت میں کمی کے اقدامات کر رہی ہے، جس کے ذریعے مختصر اور طویل مدت کے لئے لاگت میں کمی کی افادیت کو فروغ ملے گا۔

آخر میں، ہم اپنے تمام صارفین، ڈیلرز، بنکرز اور غیر ملکی تکنیکی شراکت داروں کی قدردانی کے شکر گزار ہیں جنہوں نے بلا روک ٹوک کمپنی کے ساتھ تعاون کیا اور کمپنی پر اعتماد کیا۔ ہم اپنی کمپنی کے ملازمین کے بھی مشکور ہیں جنہوں نے تندہی کے ساتھ کمپنی کی ترقی کے لئے کام کیا۔

منجانب بورڈ آف ڈائریکٹرز۔

یو تا کارائی

چیرمین

فہیم کپاڈیہ

چیف ایگزیکٹو

بتاریخ: February 03, 2020



**Building a better  
working world**

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF**

**AGRIAUTO INDUSTRIES LIMITED**

**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk



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P.O. Box 15541, Karachi 75530  
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Tel: +9221 3565 0007-11  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Agriauto Industries Limited

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Agriauto Industries Limited** (the Company) as at **31 December 2019** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, and unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2019.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Tariq Feroz Khan**.

Chartered Accountants  
Place: Karachi  
Date: 21 February 2020




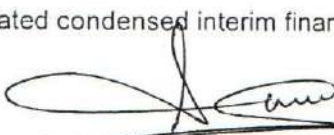
**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	Note	December 31, 2019 (Un-audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	917,073	786,604
Right-of-use assets		11,303	-
Intangible asset		10,774	6,651
Long-term investment		1,144,006	1,144,006
Long-term deposits		6,634	6,634
		2,089,790	1,943,895
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		91,941	108,143
Stock-in-trade		1,312,412	1,085,156
Trade debts	7	357,985	669,222
Advances, deposits, prepayments and other receivables	8	111,191	264,958
Accrued profit		1,001	981
Short-term investments	9	152,693	74,629
Sales tax receivable		93,373	47,976
Taxation – net		321,150	338,070
Cash and bank balances		118,240	135,948
		2,559,986	2,725,083
<b>TOTAL ASSETS</b>		<b>4,649,776</b>	<b>4,668,978</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital			
28,800,000 (June 30, 2019: 28,800,000) ordinary shares Rs. 5/- each		144,000	144,000
Reserves		3,909,128	3,998,798
		4,053,128	4,142,798
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		9,028	-
Deferred taxation		3,488	5,886
		12,516	5,886
<b>CURRENT LIABILITIES</b>			
Trade and other payables		551,836	490,028
Current portion of lease liabilities		1,176	-
Unpaid dividend		8,162	7,211
Unclaimed dividend		22,958	23,055
		584,132	520,294
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,649,776</b>	<b>4,668,978</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

  
Chairman

  
Chief Executive

  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Note	Half-year ended		Quarter ended	
		December 31, 2019 (Rupees in '000)	December 31, 2018	December 31, 2019 (Rupees in '000)	December 31, 2018 (Rupees in '000)
Turnover – net		2,065,324	3,510,723	994,270	1,835,529
Cost of sales		(1,884,838)	(2,967,539)	(903,666)	(1,548,699)
<b>Gross profit</b>		<b>180,486</b>	<b>543,184</b>	<b>90,604</b>	<b>286,830</b>
Distribution costs		(38,040)	(63,528)	(19,826)	(31,961)
Administrative expenses		(116,376)	(108,388)	(57,211)	(55,986)
		(154,416)	(171,916)	(77,037)	(87,947)
<b>Operating profit</b>		<b>26,070</b>	<b>371,268</b>	<b>13,567</b>	<b>198,883</b>
Other expenses		(9,011)	(31,758)	(7,448)	(17,784)
Other income	11	124,554	17,398	119,545	7,732
Finance costs		(1,100)	(155)	(224)	(52)
		114,443	(14,515)	111,873	(10,104)
<b>Profit before taxation</b>		<b>140,513</b>	<b>356,753</b>	<b>125,440</b>	<b>188,779</b>
Taxation		(28,583)	(107,919)	(18,637)	(60,228)
<b>Profit after taxation</b>		<b>111,930</b>	<b>248,834</b>	<b>106,803</b>	<b>128,551</b>
----- (Rupees) -----					
Earnings per share - basic and diluted		<u>3.89</u>	<u>8.64</u>	<u>3.71</u>	<u>4.46</u>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements. *pr*

  
**Chairman**

  
**Chief Executive**

  
**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	111,930	248,834	106,803	128,551
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>111,930</u>	<u>248,834</u>	<u>106,803</u>	<u>128,551</u>

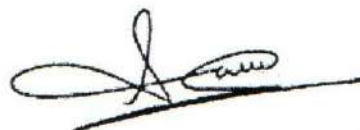
The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements. *BLW*



**Chairman**



**Chief Executive**



**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Half year ended	
	December 31, 2019	December 31, 2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	140,513	356,753
<b>Adjustments for:</b>		
Depreciation and amortisation	51,305	42,859
Finance costs	1,100	155
Reversal of allowance for expected credit losses (ECL)	(294)	-
Liabilities no longer payable - written back	(395)	-
Profit on short-term investments – term deposit receipts	(1,546)	(10,021)
Profit on deposit accounts	(4,471)	(4,871)
Dividend income	(114,401)	-
Loss / (gain) on disposal of property, plant and equipment	39	(492)
Capital work-in-progress charged off	7,796	-
	79,646	384,383
Decrease / (increase) in current assets	205,176	(350,352)
Increase in current liabilities	62,201	26,987
<b>Cash generated from operations</b>	<b>347,023</b>	<b>61,018</b>
Finance costs paid	(352)	(155)
Income tax paid	(14,060)	(27,365)
<b>Net cash generated from operating activities</b>	<b>332,611</b>	<b>33,498</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(196,881)	(133,475)
Proceeds from disposal of property, plant and equipment	4,406	3,452
Proceeds from disposal of short-term investments	52,576	-
Dividend received	114,401	-
Profit received on short-term investments – term deposit receipts	2,713	11,810
Profit received on deposit accounts	4,450	4,222
<b>Net cash used in investing activities</b>	<b>(18,335)</b>	<b>(113,991)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(200,746)	(241,025)
Lease rental paid	(1,239)	-
<b>Net cash used in investing activities</b>	<b>(201,985)</b>	<b>(241,025)</b>
<b>Net Increase / (decrease) in cash and cash equivalents</b>	<b>112,291</b>	<b>(321,518)</b>
Cash and cash equivalents at the beginning of the period	157,949	770,956
<b>Cash and cash equivalents at the end of the period</b>	<b>270,240</b>	<b>449,438</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	118,240	307,438
Short-term investments	152,000	142,000
	<b>270,240</b>	<b>449,438</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

  
**Chairman**

  
**Chief Executive**

  
**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Reserves					Total equity
	Issued, subscribed and paid- up capital	Capital reserve	Revenue reserves		Total reserves	
		Share premium	General	Unapp- ropriated profit		
	(Rupees in'000)					
Balance as at July 01, 2018	144,000	12,598	3,275,000	439,388	3,726,986	3,870,986
Final dividend for the year ended June 30, 2018 @ Rs.8.5/- per share	-	-	-	(244,800)	(244,800)	(244,800)
Transfer to general reserve	-	-	190,000	(190,000)	-	-
Profit after taxation for the period	-	-	-	248,834	248,834	248,834
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	248,834	248,834	248,834
<b>Balance as at December 31, 2018</b>	<b>144,000</b>	<b>12,598</b>	<b>3,465,000</b>	<b>253,422</b>	<b>3,731,020</b>	<b>3,875,020</b>
Balance as at July 01, 2019	144,000	12,598	3,465,000	521,200	3,998,798	4,142,798
Final dividend for the year ended June 30, 2019 @ Rs.7/- per share	-	-	-	(201,600)	(201,600)	(201,600)
Transfer to general reserve	-	-	300,000	(300,000)	-	-
Profit after taxation for the period	-	-	-	111,930	111,930	111,930
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	111,930	111,930	111,930
<b>Balance as at December 31, 2019</b>	<b>144,000</b>	<b>12,598</b>	<b>3,765,000</b>	<b>131,530</b>	<b>3,909,128</b>	<b>4,053,128</b>

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements. *plu*



**Chairman**



**Chief Executive**



**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Company is situated at 5<sup>th</sup> Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.
- 1.2 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in subsidiary is accounted for at cost less accumulated impairment losses, if any and is not consolidated or accounted for using equity method.

**2. STATEMENT OF COMPLIANCE**

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3. BASIS OF PREPARATION**

These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under section 237 of the Companies Act 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2019.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the statutory auditors, as they are required to review only the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2019 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

**5. NEW STANDARDS, AMMENDMENTS AND IMPROVEMENTS OF IFRSs**

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

**Standard or amendment:**

- IFRS 16 – Leases
- IFRS 9 – Prepayment features with negative compensation (Amendments)
- IAS 19 – Plan amendment, curtailment or settlement (Amendments)
- IAS 28 – Long term interests in associates and joint ventures (Amendments)
- IFRIC 23 – Uncertainty over income tax treatments

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**Improvements to accounting standards issued by the IASB in December 2017**

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

**IFRS 16 - Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with initial application date of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at July 01, 2019 on the unconsolidated condensed interim statement of financial position is summarised below:

**Assets**

Right-of-use assets  
 Prepaid rent

(Rupees in '000)

12,559  
 (1,863)  
10,696

**Liabilities**

Lease liabilities  
 Current portion of lease liabilities

9,712  
 984  
10,696

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 01, 2019.

The impact of adoption of IFRS 16 on unconsolidated condensed interim statement of profit or loss for the half year ended December 31, 2019 is summarized below:

(Rupees in '000)

Decrease in rent, rate and taxes  
 (Increase) in depreciation expense  
 (Increase) in financial charges

1,241  
 (1,256)  
 (749)  
(764)

*BMW*

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

(Rupees in '000)

<b>Operating lease commitments as at June 30, 2019</b>	<b>29,473</b>
Impact of discounting	(5,401)
Short-term leases	(13,376)
<b>Total lease liability as at July 01, 2019</b>	<b>10,696</b>
<b>Average incremental borrowing rate as at July 01, 2019</b>	<b>14%</b>

#### 5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**

	Note	December 31, 2019 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1 & 6.2	733,489	733,836
Capital work-in-progress	6.3	183,584	52,768
		<u>917,073</u>	<u>786,604</u>

6.1 The following additions (including transfers from capital work-in-progress) and disposals were made in the operating fixed assets during the period:

	Additions at cost / Transfers		Disposal at NBV	
	Half year ended		Half year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
<b>Owned</b>				
Plant and machinery	49,783	68,965	4,443	-
Vehicles	2,202	22,840	-	2,856
Furniture and fixtures	-	892	-	-
Computers	597	1,649	2	104
	<u>52,582</u>	<u>94,346</u>	<u>4,445</u>	<u>2,960</u>

6.2 Depreciation charge for the period amounted to Rs. 48.484 million (December 31, 2018: Rs. 41.661 million).

	December 31, 2019 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 (Audited)
<b>6.3 Capital work-in-progress</b>		
Balance at the beginning of period / year	52,768	23,365
Capital expenditure incurred / advances made during the period / year	180,535	47,581
Transfer to operating fixed assets during the period / year	(41,923)	(15,528)
Charged off during the period / year	(7,796)	(2,650)
Balance at the ending of period / year	<u>183,584</u>	<u>52,768</u>

7. Includes an amount of Rs. 2.274 million (June 30, 2019: 2.57 million) receivable from the wholly owned subsidiary Agriauto Stamping Company (Private) Limited against sales made by the Company.

8. Includes an amount of Rs. 58.671 million (June 30, 2019: 231.464 million) deposited with commercial banks in respect of cash margin requirement on import.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		----- (Rupees in '000) -----	
<b>9. SHORT-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipts	9.1	152,000	22,000
Accrued profit thereon		693	53
		<u>152,693</u>	<u>22,053</u>
<b>At fair value through profit or loss</b>			
Mutual funds - open ended Nil (June 30, 2019: 5,323,943 units at NAV) of Rs. Nil (June 30, 2019: 9.875 each)		-	52,576
		<u>152,693</u>	<u>74,629</u>

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9.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from of 11.5% to 12.15% (June 30, 2019: 5.85%) per annum having maturity date of 31 January 2020.

**10. CONTINGENCIES AND COMMITMENTS**

**10.1 Contingencies**

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 5.24 million (June 30, 2019: Nil). The management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in the unconsolidated condensed interim financial statements.

**10.2 Commitments**

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2019 other than described below:

10.2.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 189.547 million (June 30, 2019: Rs. 405.049 million).

10.2.2 Commitments in respect of capital expenditure amounting to Rs. 23.305 million (June 30, 2019: Rs. 81.982 million).

11. Includes Rs. 114.401 million (December 31, 2019: Nil) on account of dividend income from the wholly owned subsidiary Agriauto Stamping Company (Private) Limited.

**12. TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Detail of transactions with related parties during the period, other than disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	December 31,	December 31,
		2019	2018
		(Un-audited)	(Un-audited)
		----- (Rupees in '000) -----	-----
<b>Subsidiary (wholly owned)</b>			
Agriauto Stamping Company (Private) Limited.	Sale of goods	6,864	16,982
	Tax credit claimed on behalf of subsidiary	-	12,042
	Services received	-	2,932
	Dividend received	114,401	-
<b>Associated Companies (Common directorship)</b>			
TPL Direct Insurance Limited Shabbir Tiles & Ceramics Limited	Insurance premium	7,484	5,871
	Purchases	-	54
<b>Retirement benefit funds</b>			
Provident fund	Contribution	5,906	5,221
<b>Key management personnel</b>			
	Remuneration and other benefits	19,596	18,431
	Fee for attending board meetings	600	600

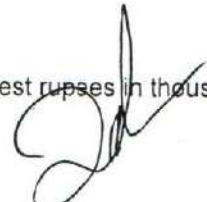
**13. DATE OF AUTHORISATION FOR ISSUE**

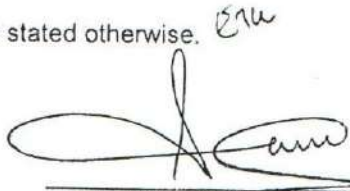
These unconsolidated condensed interim financial statements were authorized for issue on 03/02/2020 by the Board of Directors of the Company.

**14. GENERAL**

Figures have been rounded off to the nearest rupees in thousands unless stated otherwise. *eru*

  
 \_\_\_\_\_  
**Chairman**

  
 \_\_\_\_\_  
**Chief Executive**

  
 \_\_\_\_\_  
**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	Note	December 31, 2019 (Un-audited) ----- (Rupees in '000) -----	June 30, 2019 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	2,174,297	2,089,475
Right-of-use assets		11,303	-
Intangible asset		10,774	6,651
Long-term deposits		13,438	13,438
		<u>2,209,812</u>	<u>2,109,564</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		104,795	123,713
Stock-in-trade		1,913,813	1,601,264
Trade debts		495,801	985,768
Advances, deposits, prepayments and other receivables	7	163,660	340,052
Accrued profit		1,956	1,793
Short-term investments	8	321,579	187,513
Sales tax receivable		141,649	86,409
Taxation – net		523,568	530,309
Cash and bank balances		179,403	174,378
		<u>3,846,224</u>	<u>4,031,199</u>
<b>TOTAL ASSETS</b>		<u><u>6,056,036</u></u>	<u><u>6,140,763</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
40,000,000 (June 30, 2019: 40,000,000) ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital 28,800,000 (June 30, 2019: 28,800,000) ordinary shares of Rs. 5/- each		144,000	144,000
Reserves		<u>5,076,757</u>	<u>5,280,178</u>
		<u>5,220,757</u>	<u>5,424,178</u>
<b>NON-CURRENT LIABILITY</b>			
Lease liabilities		9,028	-
Deferred taxation		74,774	64,780
<b>CURRENT LIABILITIES</b>			
Trade and other payables		719,181	621,539
Current portion of lease liabilities		1,176	-
Unpaid dividend		8,162	7,211
Unclaimed dividend		22,958	23,055
		<u>751,477</u>	<u>651,805</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>6,056,036</u></u>	<u><u>6,140,763</u></u>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE QUARTER ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
Turnover – net	2,784,822	4,936,709	1,335,595	2,632,195
Cost of sales	<u>(2,575,742)</u>	<u>(4,114,762)</u>	<u>(1,227,333)</u>	<u>(2,168,985)</u>
<b>Gross profit</b>	<b>209,080</b>	<b>821,947</b>	<b>108,262</b>	<b>463,210</b>
Distribution costs	<u>(40,536)</u>	<u>(68,219)</u>	<u>(21,008)</u>	<u>(34,054)</u>
Administrative expenses	<u>(126,469)</u>	<u>(117,034)</u>	<u>(61,584)</u>	<u>(60,567)</u>
	<u>(167,005)</u>	<u>(185,253)</u>	<u>(82,592)</u>	<u>(94,621)</u>
<b>Operating profit</b>	<b>42,075</b>	<b>636,694</b>	<b>25,670</b>	<b>368,589</b>
Other expenses	<u>(10,271)</u>	<u>(52,852)</u>	<u>(8,186)</u>	<u>(31,878)</u>
Other income	<u>19,505</u>	<u>30,403</u>	<u>11,130</u>	<u>14,967</u>
Finance costs	<u>(1,259)</u>	<u>(303)</u>	<u>(1,053)</u>	<u>(161)</u>
	<u>7,975</u>	<u>(22,752)</u>	<u>1,891</u>	<u>(17,072)</u>
<b>Profit before taxation</b>	<b>50,050</b>	<b>613,942</b>	<b>27,561</b>	<b>351,517</b>
Taxation	<u>(51,871)</u>	<u>(114,056)</u>	<u>(26,829)</u>	<u>(63,629)</u>
<b>(Loss) / profit after taxation</b>	<b><u>(1,821)</u></b>	<b><u>499,886</u></b>	<b><u>732</u></b>	<b><u>287,888</u></b>
	----- (Rupees) -----			
<b>(Loss) / earnings per share - basic and diluted</b>	<b><u>(0.06)</u></b>	<b><u>17.36</u></b>	<b><u>0.03</u></b>	<b><u>10.00</u></b>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
(Loss) / profit for the period	(1,821)	499,886	732	287,888
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(1,821)</b>	<b>499,886</b>	<b>732</b>	<b>287,888</b>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



\_\_\_\_\_  
**YUTAKA ARAE**  
Chairman



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**FAHIM KAPADIA**  
Chief Executive



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**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Half-year ended	
	December 31, 2019	December 31, 2018
	(Rs. in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	50,050	613,942
<b>Adjustments for:</b>		
Depreciation and amortization	129,062	93,508
Finance costs	1,259	303
Reversal for impairment of trade debts	(294)	-
Gain on disposal of property, plant and equipment	37	381
Capital work-in-progress charged off	9,221	-
Liabilities no longer payable - written back	(395)	-
Profit on term deposit receipts / bank balances	(13,612)	(25,640)
	<u>175,328</u>	<u>682,494</u>
Increase in current assets	316,681	(425,028)
Increase in current liabilities	95,464	43,563
<b>Cash generated from operations</b>	<u>587,473</u>	<u>301,029</u>
Finance costs paid	(511)	(303)
Long term deposit	-	(10)
Income tax paid	(35,135)	(24,439)
<b>Net cash generated from operating activities</b>	<u>551,827</u>	<u>276,277</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(230,640)	(263,473)
Proceeds from disposal of property, plant and equipment	4,635	4,115
Short term investment	52,576	-
Profit received on term deposit receipts / bank balances	14,611	26,914
<b>Net cash used in investing activities</b>	<u>(158,818)</u>	<u>(232,444)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(200,746)	(241,025)
Lease rental paid	(1,239)	-
	<u>(201,985)</u>	<u>(241,025)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>191,024</u>	<u>(197,192)</u>
Cash and cash equivalents at the beginning of the period	308,379	1,165,328
<b>Cash and cash equivalents at the end of the period</b>	<u>499,403</u>	<u>968,136</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	179,403	670,136
Short-term investments	320,000	298,000
	<u>499,403</u>	<u>968,136</u>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Total	Total equity
		Capital reserve	Revenue reserves			
		Share premium	General	Unappropriated profit		
----- (Rupees in'000) -----						
<b>Balance as at July 01, 2018</b>	144,000	12,598	3,655,000	889,082	4,556,680	4,700,680
Final dividend for the year ended June 30, 2018 @ Rs.8.5/- per share	-	-	-	(244,800)	(244,800)	(244,800)
Transfer to general reserve	-	-	590,000	(590,000)	-	-
Profit after taxation for the period	-	-	-	499,886	499,886	499,886
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	499,886	499,886	499,886
<b>Balance as at December 31, 2018</b>	144,000	12,598	3,655,000	1,144,168	4,811,766	4,955,766
<b>Balance as at July 01, 2019</b>	<b>144,000</b>	<b>12,598</b>	<b>3,065,000</b>	<b>2,202,580</b>	<b>5,280,178</b>	<b>5,424,178</b>
Final dividend for the year ended June 30, 2019 @ Rs.7.0/- per share	-	-	-	(201,600)	(201,600)	(201,600)
Transfer to general reserve	-	-	750,000	(750,000)	-	-
Loss after taxation for the period	-	-	-	(1,821)	(1,821)	(1,821)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,821)	(1,821)	(1,821)
<b>Balance as at December 31, 2019</b>	<b>144,000</b>	<b>12,598</b>	<b>3,815,000</b>	<b>1,249,159</b>	<b>5,076,757</b>	<b>5,220,757</b>

The annexed notes from 1 to 12 form an integral part of these consolidated condensed interim financial statements.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2019**  
**(UN-AUDITED)**

**1 THE COMPANY AND ITS OPERATIONS**

- 1.1 Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public limited company and is listed on Pakistan Stock Exchange. The Holding Company is engaged in the manufacture and sale of components for automotive vehicles, motor cycles and agricultural tractors. The registered office of the Holding Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi
- 1.2 The Group comprises of the Holding Company and Agriauto Stamping Company (Private) Limited (the Subsidiary Company). The Subsidiary Company was incorporated in Pakistan on January 20, 2012 as a private limited company. The Subsidiary Company is engaged in stamping of sheet metal parts, dies, fixtures primarily for the automotive industry and has commenced its commercial operations on 02 July, 2014. The registered office of the Subsidiary Company is situated at 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

**2 STATEMENT OF COMPLIANCE**

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3 BASIS OF PREPARATION**

These consolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under section 237 of the Companies Act 2017. These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual financial statements, and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2019

The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the statutory auditors, as they are required to review only the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended June 30, 2019 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

**5 NEW STANDARDS, AMMENDMENTS AND INTERPRETATIONS OF IFRSs**

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

**Standard or ammendment:**

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

**Improvements to accounting standards issued by the IASB in December 2017**

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

**IFRS 16 - Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.



The Company adopted IFRS 16 using the modified retrospective approach with initial application date of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at July 01, 2019 on the unconsolidated condensed interim statement of financial position is summarised below:

	Rs. in '000
<b>Assets</b>	
Right-of-use assets	
Prepaid rent	12,559
	<u>(1,863)</u>
	<u>10,696</u>
<b>Liabilities</b>	
Lease liabilities	9,712
Current portion of lease liabilities	984
	<u>10,396</u>

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on July 01, 2019.

The impact of adoption of IFRS 16 on unconsolidated condensed interim statement of profit or loss for the half year ended December 31, 2019 is summarized below:

	Rs. in '000
Decrease in rent, rate and taxes	1,241
(Increase) in depreciation expense	(1,256)
(Increase) in financial charges	(749)
	<u>(764)</u>

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	Rupees. in '000
<b>Operating lease commitments as at June 30, 2019</b>	<b>29,473</b>
Impact of discounting	(5,401)
Short-term leases	(13,376)
<b>Total lease liability as at July 01, 2019</b>	<b>10,696</b>
<b>Average incremental borrowing rate as at July 01, 2019</b>	<u><u>0</u></u>

## 5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using reducing balance method. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

	Note	December 31, 2019 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1 & 6.2	1,973,719	1,517,299
Capital work-in-progress	6.3	200,578	572,176
		<u>2,174,297</u>	<u>2,089,475</u>

6.1 The following additions and disposals were made in the operating fixed assets during the period:

	Additions at cost / Transfers		Disposal at NBV	
	Half-year ended December 31,		Half-year ended December 31,	
	2019 (Un-audited) ----- (Rupees in '000) -----	2018	2019 (Un-audited) ----- (Rupees in '000) -----	2018
<b>Owned</b>				
Building	42,638	-	-	-
Plant and machinery	452,633	112,267	4,443	577
Vehicles	2,202	25,020	226	4,223
Furniture and fixtures	-	1,162	-	560
Computers	720	1,738	2	114
Dies & Checking Fixtures	89,138	-	-	-
Office equipment	-	-	-	22
	<u>587,331</u>	<u>140,187</u>	<u>4,671</u>	<u>5,496</u>

6.2 Depreciation charge for the period amounted to Rs. 126,240 (December 31, 2018: Rs. 92,310).

	December 31, 2019 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2019 ----- (Rupees in '000) ----- (Audited)
<b>6.3 Capital work-in-progress</b>		
Balance at the beginning of period / year	572,176	103,066
Capital expenditure incurred / advances made during the period / year	204,276	497,682
Transfer to operating fixed assets during the period / year	(566,653)	(25,922)
Charged off during the period / year	(9,221)	(2,650)
Balance at the ending of period / year	<u>200,578</u>	<u>572,176</u>

7 Includes an amount of Rs. 100.050 million (June 30, 2019: 305.477 million) deposited with commercial banks in respect of cash margin requirement on import.

**AGRIAUTO INDUSTRIES LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2019**  
**(UN-AUDITED)**

		December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
Note		----- (Rupees in '000) -----	
<b>8 SHORT TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Term deposit receipts	8.1	320,000	134,000
Accrued profit thereon		<u>1,579</u>	<u>937</u>
		<u><u>321,579</u></u>	<u><u>134,937</u></u>
<b>At fair value through profit or loss</b>			
Mutual funds - open ended Nil (June 30, 2019: 5,323,943 units at NAV) of Rs. Nil (June 30, 2019: 9.875 each)		-	52,576
		<u><u>321,579</u></u>	<u><u>187,513</u></u>

**8.1** Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from of 9.15% to 13% (June 30, 2019: 5.85%) per annum having maturity date of 31 January 2020.

**9 CONTINGENCIES AND COMMITMENTS**

**9.1 Contingencies**

As at the reporting date, total outstanding claims on the Company by certain vendors amounted to Rs. 10.91 million (June 30: Nil). The management of the Company is confident that no loss is likely to occur from these claims and accordingly no provision in this respect has been made in the condensed interim financial statements.

**9.2 COMMITMENTS**

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2019 other than described below:

**9.2.1** Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 342.138 million (June 30, 2019: Rs. 817.209 million).

**9.2.2** Commitments in respect of capital expenditure amounting to Rs. 108.901 million (June 30, 2019: Rs. 132.202 million).

**10 TRANSACTIONS WITH RELATED PARTIES**

Related parties of the Company comprise the Holding Company, companies with common directorship, retirement funds, directors and key management personnel. Balance due from / to the related parties have been disclosed in respective notes to these unconsolidated condensed interim financial statements wherever applicable. Detail of transactions with related parties during the period, other than disclosed elsewhere in these condensed interim financial statements, are as follows:

Name of related party and relationship with the Company	Nature of transactions	December 31, 2019 (Un-audited)	December 31, 2018 (Un-audited)
		----- (Rupees in '000) -----	
<b>Retirement benefit funds</b>			
Provident fund	Contribution	10,159	5,761
<b>Key management personnel</b>			
	Remuneration and other benefits	19,596	18,431
	Fee for attending board meetings	600	600
<b>Common directorship</b>			
	Services received	7,484	5,925

**11 DATE OF AUTHORISATION FOR ISSUE**

These consolidated condensed interim financial statements were authorized for issue on 03/02/2020 by the Board of Directors of the Holding Company.

**12 GENERAL**

Figures have been rounded off to the nearest rupees in thousands.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer