

**AGRIAUTO INDUSTRIES LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2010**  
**(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Agriauto Industries Limited (the Company) was incorporated in Pakistan on June 25, 1981 as a public company limited by shares under the Companies Act, 1913 (now the Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. 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 5th Floor, House of Habib, Main Shahrah-e-Faisal, Karachi.

**2. BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' as applicable in Pakistan.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.
- 2.3** These condensed interim financial statements are un-audited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2010 and December 31, 2009.

**3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2010.

	Note	December 31, 2010 (Un-audited) (Rupees in `000)	June 30, 2010 (Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	351,235	331,661
Capital work-in-progress		3,661	13,775
		354,896	345,436

- 4.1** The following additions and deletions (at cost) were made in the operating fixed assets during the period::

	Additions (Rupees in '000)	Deletions
<b>Owned</b>		
Plant and machinery	23,736	2,473
Furniture and fixtures	288	-
Vehicles	11,429	6,367
Computers	123	-
Dies and tools	10,633	-
<b>Leased</b>		
Vehicles	-	662
	46,209	9,502

	December 31, 2010 (Un-audited) (Rupees in `000)	June 30, 2010 (Audited)
<b>5. SHORT-TERM INVESTMENTS</b>		
<b>Held-to-maturity</b>		
Term deposit receipts	450,000	450,000
Accrued profit	7,250	7,761
	<u>457,250</u>	<u>457,761</u>
<b>Available-for-sale</b>	<b>210,516</b>	151,391
	<u>667,766</u>	<u>609,152</u>

## 6. CONTINGENCIES AND COMMITMENTS

There is no material change in the status of the contingencies and commitments as reported in the annual financial statements for the year ended June 30, 2010 other than describe below:

### Contingencies

- 6.1 There is an un-utilised portion of the bank guarantee issued in favour of Excise and Taxation Department, Government of Sindh amounting to Rs. 4.918 million (June 30, 2010: Rs. 2.977 million) against the levy of Infrastructure Cess on the imported goods. The utilised portion of guarantee amounting to Rs. 45.082 million (June 30, 2010: Rs. 37.023 million) is included in trade and other payable.

### Commitments

- 6.2 Commitments in respect of outstanding letters of credit for raw material amount to Rs. 163.037 million (June 30, 2010: Rs.189.633 million).
- 6.3 Commitments in respect of capital expenditure amount to Rs. 31.012 million (June 30, 2010: Rs. 22.865 million).

## 7. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise companies with common directorship, retirement funds, directors and key management personnel. Detail of transactions with related parties during the period, are as follows:

	December 31, 2010 (Un-audited) (Rupees in `000)	December 31, 2009 (Un-audited)
Purchase of goods	7,028	-
Contribution to provident fund	1,788	1,690
Key management personnel compensation	6,092	4,385

## 8. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 23, 2011 by the Board of Directors of the Company.

FAHIM KAPADIA  
CHIEF EXECUTIVE

YUTAKA ARAE  
CHAIRMAN