

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018**

	Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	752,703	667,623
Intangible asset		10,442	7,863
Long-term investment		1,144,006	1,144,006
Long-term deposits		6,234	6,234
		1,913,385	1,825,726
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		74,743	83,178
Stock-in-trade		1,059,921	964,242
Trade debts		470,547	431,931
Advances, deposits, prepayments and other receivables	7	185,835	7,099
Accrued profit		1,330	681
Short-term investments	8	143,078	543,560
Sales tax receivable		54,843	9,086
Taxation – net		166,908	254,258
Cash and bank balances		307,438	230,264
		2,464,643	2,524,299
<b>TOTAL ASSETS</b>		<b>4,378,028</b>	<b>4,350,025</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
40,000,000 (June 30, 2018: 40,000,000) ordinary shares of Rs. 5/- each		200,000	200,000
Issued, subscribed and paid-up capital			
28,800,000 (June 30, 2018: 28,800,000) ordinary shares Rs. 5/- each		144,000	144,000
Reserves		3,731,020	3,726,986
		<b>3,875,020</b>	<b>3,870,986</b>
<b>NON-CURRENT LIABILITY</b>			
Deferred taxation		9,996	16,792
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	463,217	436,227
Unpaid dividend		6,397	2,516
Unclaimed dividend		23,398	23,504
		493,012	462,247
<b>COMMITMENTS</b>			
	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,378,028</b>	<b>4,350,025</b>

The annexed notes from 1 to 13 form an integral part of these unconsolidated condensed interim financial statements.



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Note	Half-year ended		Quarter ended	
		December 31, 2018 (Rupees in '000)	December 31, 2017	December 31, 2018 (Rupees in '000)	December 31, 2017
Turnover – net		3,510,723	2,950,076	1,835,529	1,512,357
Cost of sales		(2,967,539)	(2,370,407)	(1,548,699)	(1,221,821)
<b>Gross profit</b>		<b>543,184</b>	579,669	<b>286,830</b>	290,536
Distribution costs		(63,528)	(54,994)	(31,961)	(27,937)
Administrative expenses		(108,388)	(105,161)	(55,986)	(51,645)
		(171,916)	(160,155)	(87,947)	(79,582)
<b>Operating profit</b>		<b>371,268</b>	419,514	<b>198,883</b>	210,954
Other expenses		(31,758)	(37,631)	(17,784)	(19,916)
Other income		17,398	24,920	7,732	13,674
Finance costs		(155)	(148)	(52)	(72)
		(14,515)	(12,859)	(10,104)	(6,314)
<b>Profit before taxation</b>		<b>356,753</b>	406,655	<b>188,779</b>	204,640
Taxation	11	(107,919)	(122,369)	(60,228)	(62,013)
<b>Profit after taxation</b>		<b>248,834</b>	284,286	<b>128,551</b>	142,627
----- (Rupees) -----					
<b>Earnings per share - basic and diluted</b>		<b>8.64</b>	9.87	<b>4.46</b>	4.95

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**FAHIM KAPADIA**  
**Chief Executive**



**SAAD USMAN**  
**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Half-year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in '000)		(Rupees in '000)	
Profit after taxation for the period	248,834	284,286	128,551	142,627
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>248,834</u>	<u>284,286</u>	<u>128,551</u>	<u>142,627</u>

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**FAHIM KAPADIA**  
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**SAAD USMAN**  
**Chief Financial Officer**

**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Half year ended	
	December 31, 2018	December 31, 2017
	(Rs. in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>356,753</b>	406,655
<b>Adjustments for:</b>		
Depreciation and amortization	42,859	39,609
Finance costs	155	148
Reversal for impairment of trade debts	-	(39)
Gain on disposal of property, plant and equipment	(492)	(2,064)
Profit on term deposit receipts	(10,021)	(16,733)
Profit on bank balances	(4,871)	(4,600)
	<b>384,383</b>	422,976
Increase in current assets	(350,352)	(239,504)
Increase in current liabilities	26,987	34,840
<b>Cash generated from operations</b>	<b>61,018</b>	218,312
Finance costs paid	(155)	(148)
Income tax paid	(27,365)	(7,131)
<b>Net cash generated from operating activities</b>	<b>33,498</b>	211,033
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(133,475)	(32,038)
Proceeds from disposal of property, plant and equipment	3,452	6,551
Profit received on term deposit receipts	11,810	16,907
Profit received on bank balances	4,222	3,952
<b>Net cash used in investing activities</b>	<b>(113,991)</b>	(4,628)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(241,025)	(209,762)
<b>Net decrease in cash and cash equivalents</b>	<b>(321,518)</b>	(3,357)
Cash and cash equivalents at the beginning of the period	770,956	869,835
<b>Cash and cash equivalents at the end of the period</b>	<b>449,438</b>	866,478
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	307,438	229,665
Short-term investments	142,000	636,813
	<b>449,438</b>	866,478

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**AGRIAUTO INDUSTRIES LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**  
**(UN-AUDITED)**

	Reserves						
	Issued, subscribed and paid- up capital	Capital reserve	Revenue reserves			Total	Total equity
		Share premium	General	Unapp- ropriated profit			
			(Rupees in'000)				
<b>Balance as at July 01, 2017</b>	144,000	12,598	2,975,000	550,181	3,537,779	3,681,779	
Final dividend for the year ended June 30, 2017 @ Rs.7.5 /- per share	-	-	-	(216,000)	(216,000)	(216,000)	
Transfer to general reserve	-	-	300,000	(300,000)	-	-	
Profit after taxation for the period	-	-	-	284,286	284,286	284,286	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	284,286	284,286	284,286	
<b>Balance as at December 31, 2017</b>	<u>144,000</u>	<u>12,598</u>	<u>3,275,000</u>	<u>318,467</u>	<u>3,606,065</u>	<u>3,750,065</u>	
<b>Balance as at July 01, 2018</b>	<b>144,000</b>	<b>12,598</b>	<b>3,275,000</b>	<b>439,388</b>	<b>3,726,986</b>	<b>3,870,986</b>	
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>	<u>144,000</u>	<u>12,598</u>	<u>3,465,000</u>	<u>253,422</u>	<u>3,731,020</u>	<u>3,875,020</u>	

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**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
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**AGRIAUTO INDUSTRIES LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2018**  
**(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 on the basis of direct equity interest 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, 2018.

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, 2018 and December 31, 2017 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, 2018 and December 31, 2017.

**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, 2018 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**

Effective 1 July 2018, the Company has adopted IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments (replacing IAS 39 "Financial Instruments: Recognition and Measurement". The effects of adoption of these standards are explained below;

**5.1 IFRS 15 Revenue from Contracts with Customers**

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

The Company has applied IFRS 15 with initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 by the Company has not had any significant effects with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amounts have been recognised to adjust the opening equity as at 1 July 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Company has assessed that the Company is in compliance with the requirements of IFRS 15.

## 5.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

### 5.2.1 Effect of adopting IFRS 9 on the classification of financial assets

Financial asset	Original category under IAS 39	New category under IFRS 9
Trade debts	Loans and receivables	Amortised cost
Deposits and other receivables	Loans and receivables	Amortised cost
Short-term investments	Held to maturity	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost
Long-term deposits	Loans and receivables	Amortised cost

### 5.2.2 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

#### a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### b) Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### 5.2.3 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. For this purpose, the management conducts an exercise to assess the impairment of its financial assets using historical data and forward looking information.

Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard including the assessment of impairment on its financial assets using expected credit loss model.

	Note	December 31, 2018 ----- (Rupees in '000) ----- (Un-audited)	June 30, 2018 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	6.1 & 6.2	<b>693,986</b>	644,258
Capital work-in-progress		<b>58,717</b>	23,365
		<b>752,703</b>	<b>667,623</b>

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

	Additions at cost		Disposal at NBV	
	Half year ended		Half year ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
<b>Owned</b>				
Plant and machinery	68,965	10,583	-	2,172
Vehicles	22,840	10,514	2,856	2,277
Furniture and fixtures	892	490	-	-
Computers	1,649	951	104	37
Office equipment	-	48	-	-
	<b>94,346</b>	<b>22,586</b>	<b>2,960</b>	<b>4,486</b>

6.2 Depreciation charge for the period amounted to Rs. 41,661 (December 31, 2017: Rs. 38,965).

7. Includes an amount of Rs. 158.769 million (June 30, 2018: Nil) deposited with commercial banks in respect of cash margin requirement on import.

	Note	December 31, 2018 (Un-audited)	June 30, 2018 (Audited)
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>8. SHORT TERM INVESTMENTS</b>			
<b>Financial assets at amortised cost</b>			
Term deposit receipts	8.1	<b>142,000</b>	442,000
Treasury bills		-	98,692
Accrued profit thereon		<b>1,078</b>	2,868
		<b>143,078</b>	<b>543,560</b>

8.1 Represents one to three months term deposit receipts with a commercial bank under conventional banking relationship carrying profit rate ranging from of 4.75% to 9.25% (December 31, 2017: 4.05% to 5.30%) per annum having maturity date of 18 January 2019.

9. Includes an amount of Rs. 12.042 million (June 30, 2018: Nil) due to wholly owned subsidiary company - Agriauto Stamping Company (Private) Limited on account of group taxation u/s 59AA of Income Tax Ordinance 2001.

## 10. COMMITMENTS

There is no material change in the status of commitments as reported in the annual financial statements for the year ended June 30, 2018 other than described below:

10.1 Commitments in respect of outstanding letters of credit for raw material amounting to Rs. 400.027 million (June 30, 2018: Rs. 634.494 million).

10.2 Commitments in respect of capital expenditure amounting to Rs. 23.305 million (June 30, 2018: Rs. 78.342 million).

## 11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company of comprises 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. 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,
		2018	2017
		(Un-audited)	(Un-audited)
		----- (Rupees in '000) -----	-----
<b>Subsidiary (wholly owned)</b>			
Agriauto Stamping Company (Private) Limited.	Sale of goods	16,982	14,801
	Tax credit claimed on behalf of subsidiary	12,042	-
	Services received	2,932	-
<b>Retirement benefit funds</b>			
Provident fund	Contribution	5,221	4,340
<b>Key management personnel</b>			
	Remuneration and other benefits	18,431	13,380*
	Fee for attending board meetings	600	525

\* The amount has been restated to include the remuneration and other benefits of Chief Financial Officer and Company Secretary in compliance with S.R.O 1194(1)/2018, dated October 02, 2018.

## 12. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 25, 2019 by the Board of Directors of the Company.

## 13. GENERAL

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



**YUTAKA ARAE**  
Chairman



**FAHIM KAPADIA**  
Chief Executive



**SAAD USMAN**  
Chief Financial Officer