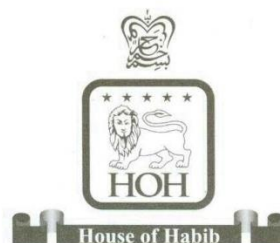


Agriauto Industries Limited

Condensed Interim Financial Statements
For the Half-year & Quarter Ended December 31, 2018
(Un-audited)



Company Information

BOARD OF DIRECTORS

Yutaka Arae

Fahim Kapadia

Salman Burney

Sohail P. Ahmed

Hamza Habib

Muhammad Ali Jameel

Ayesha T. Haq

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 (Independent)

Member

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Muhammad Ali Jameel

Salman Burney

Sohail P. Ahmed

Yutaka Arae

Fahim Kapadia

Chairman (Independent)

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' REPORT

The Directors of your Company are pleased to issue this report on the unaudited interim financial position and performance of your Company for the half year and quarter ended December 31, 2018.

SUMMARY OF FINANCIAL RESULTS

Consolidated results

	<i>Rs. 'in millions</i>			
	Six months ended		Three months ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Turnover	4,936.7	3,991.9	2,632.1	2,062.0
Gross Profit	821.9	809.7	463.2	403.0
Profit before taxation	613.9	613.4	351.5	306.1
Taxation	(114.0)	(121.2)	(63.6)	(60.7)
Profit after taxation	499.9	492.2	287.9	245.4
Earnings per share (Rs.)	17.36	17.09	10.00	8.52

The consolidated turnover for the six months under review was Rs.4,936.7 (2017: Rs.3,991.9) million reflecting an increase of 23.6% over corresponding period last year. Profit before tax is almost the same as last year.

The consolidated Earnings Per Share (EPS) for the half year ended December 2018 was Rs.17.36 as compared to Rs. 17.09 in the corresponding period last year.

Standalone results

	<i>Rs. 'in millions</i>			
	Six months ended		Three months ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Turnover	3,510.7	2,950.0	1,835.5	1,512.3
Gross Profit	543.2	579.7	286.8	290.5
Profit before taxation	356.7	406.7	188.8	204.6
Taxation	(107.9)	(122.4)	(60.2)	(62.0)
Profit after taxation	248.8	284.3	128.6	142.6
Earnings per share (Rs.)	8.64	9.87	4.46	4.95

The turnover for the six months under review was Rs. 3,510.7 (2017: Rs.2,950.0) million reflecting an increase of 19% over corresponding period last year.

Profit before tax of Rs. 356.7 million was down by 12% despite higher sales, primarily due to significant devaluation of Pak Rupee against the US Dollar & Japanese Yen in which majority of the Company's imports are carried out. Although, we have a mechanism in place with our Customers for consequent adjustment in the selling prices, however, the same is with a certain time lag.

Besides devaluation, profit for the period was also adversely impacted by slow-down in tractor industry wherein, our two main customers had their plants shut down for the months of November & December 2018. A similar slow-down was also witnessed in the motorcycle sales in the month of December 2018.

The Earnings Per Share (EPS) for the half year ended December 2018 was Rs. 8.64 as compared to Rs. 9.87 in the corresponding period last year.

The Board is pleased to declare an interim cash dividend of 60%, i.e. Rs. 3.0 per share for the half year ended December 31, 2018.

AUTOMOTIVE INDUSTRY

It has been but tough period for automakers in Pakistan as key developments on the macroeconomic front proved to be hard-hitting for the auto sector including ban on non-filers to purchase vehicles. Further, hike in interest rates also added to the woes of the sector. However, following recent developments have created breathing space to recuperate the lost situation.

• REGULATORY DUTY

We are pleased to inform that Regulatory Duty (RD) which was imposed on steel products in 2015 has now been removed with effect from February 11, 2019 for the automotive part makers. The automotive part industry is thankful to the Government which has taken the right step to lower manufacturing costs to help foster growth in volumes of the automotive industry.

• ALLOW NON-FILER TO PURCHASE VEHICLES

The Government, through the 2nd Supplementary Finance Bill, 2019 has proposed to allow non-filers to purchase vehicles not exceeding 1300cc, which also augers well and will help compensate the sales and production volumes of the stagnant passenger car segment.

Many of the new entrants are working to introduce their vehicles in the year 2019/20. As the new entrants enjoy relaxation in respect of reduced custom duty on the import of full CKD, their focus on the localization of auto parts is currently minimal. However, we expect those players to advance their localization plans in order to benefit from the exchange parity and thus benefit the local parts supplier's industry.

AGRIAUTO STAMPING COMPANY (PVT) LIMITED (ASC)

As also disclosed in earlier reports to shareholders, the Board would like to inform that the subsidiary company had planned for a capital expenditure of Rs.376 million for the purchase of 2 additional presses of 800 tons & 500 tons along-with the extension of welding gantry as well as storage area. We are pleased to inform that the presses have been shipped from China, the commissioning of which, will commence from March 2019. Other ancillary activities are also being undertaken as planned. The benefits from the extension in production capacity is likely to be visible from the next financial year.

In respect of die making capabilities, we are pleased to inform that the medium & small size dies are now being made locally with assistance from our technical partner, M/s. Ogihara Thailand Company (OTC). The stamped parts from these dies have been tested and found clean for production. We are very hopeful that with the improvement in local die making capability, the Company will save precious foreign exchange in future.

In the end, 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 team members who have worked diligently for the progress of the Company.

On behalf of the Board of Directors.

Fahim Kapadia
Chief Executive
Dated : February 25, 2019

ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران غیر آڈٹ شدہ عبوری مالیاتی پوزیشن اور آپ کی کمپنی کی کارکردگی برائے سہ ماہی اور ششماہی کی ختم شدہ مدت 31 دسمبر 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی نتائج کا خلاصہ

مجموعی نتائج

روپے 'ملین' میں

برائے ختم شدہ سہ ماہی مدت		برائے ختم شدہ ششماہی مدت		
31 دسمبر 2017	31 دسمبر 2018	31 دسمبر 2017	31 دسمبر 2018	
2,062.0	2,632.1	3,991.9	4,936.7	فروخت
403.0	463.2	809.7	821.9	خام منافع
306.1	351.5	613.4	613.9	منافع قبل از ٹیکس
(60.7)	(63.6)	(121.2)	(114.0)	ٹیکس
245.4	287.9	492.2	499.9	منافع بعد از ٹیکس
8.52	10.00	17.09	17.36	فی حصص آمدن (روپے)

زیر جائزہ ششماہی مدت کی مجموعی فروخت 4,936.7 ملین روپے (2017 میں 3,991.9 ملین روپے) رہی جو کہ گزشتہ سال اسی مدت کی بہ نسبت 23.6% فیصد اضافہ کی عکاسی کرتی ہے۔ منافع قبل از ٹیکس تقریباً اتنا ہی رہا جتنا گزشتہ سال تھا۔

ششماہی مدت دسمبر 2018 کی مجموعی آمدن فی حصص (EPS) 17.36 روپے رہی جو کہ گزشتہ سال اسی مدت میں 17.09 روپے تھی۔

انفرادی نتائج

روپے 'ملین' میں

برائے ختم شدہ سہ ماہی مدت		برائے ختم شدہ ششماہی مدت		
31 دسمبر 2017	31 دسمبر 2018	31 دسمبر 2017	31 دسمبر 2018	
1,512.3	1,835.5	2,950.0	3,510.7	فروخت
290.5	286.8	579.7	543.2	خام منافع
204.6	188.8	406.7	356.7	منافع قبل از ٹیکس
(62.0)	(60.2)	(122.4)	(107.9)	ٹیکس
142.6	128.6	284.3	248.8	منافع بعد از ٹیکس
4.95	4.46	9.87	8.64	فی حصص آمدن (روپے)

زیر جائزہ ششماہی مدت کی فروخت 3,510.7 ملین روپے رہی (2017 میں 2,950.0 ملین روپے) جو کہ گزشتہ سال اسی مدت کی بہ نسبت 19% فیصد اضافہ کی عکاسی کرتی ہے۔

منافع قبل از ٹیکس 356.7 ملین روپے رہا جو کہ اعلیٰ فروخت کے باوجود 12% فیصد کم تھا جس کی بنیادی وجہ یو ایس ڈالر اور جاپانی ین کے مقابلے میں پاکستانی روپے کی قدر میں کمی تھی جن میں کمپنی کی زیادہ تر درآمدات ہوتی ہیں۔ اگرچہ کہ ہمارے پاس کسٹمر کے لئے قیمت فروخت کا بعد از ازاں درستی کا نظام موجود ہے، مگر یہ ایک خاص مدت کے بعد عمل میں آتا ہے۔

قدر میں کمی کے علاوہ منافع میں کمی کی دیگر وجوہات ٹریکٹر کی صنعت میں سست روی ہے، ہمارے دو بڑے کسٹمر نے نومبر اور دسمبر 2018 میں اپنے پلانٹ کو بند کر دیا تھا۔ اسی طرح دسمبر 2018 میں موٹر سائیکل کی فروخت میں بھی سست روی دیکھی گئی۔

ششماہی مدت ختم شدہ دسمبر 2018 کی مجموعی آمدن فی حصص (EPS) 8.64 روپے رہی جبکہ گزشتہ سال اسی مدت میں 9.87 روپے تھی۔

ششماہی مدت ختم شدہ 31 دسمبر 2018 کے لئے بورڈ 60 فیصد یعنی 3 روپے کے حساب سے عبوری نقد منافع کا اعلان کرتے ہوئے اظہار مسرت کرتا ہے۔

آٹوموٹو انڈسٹری

یہ پاکستان میں آٹوموٹو سیکٹر کے لئے خاصہ مشکل دور رہا ہے کیونکہ معاشی محاذ پر دیکھیں تو نان فاکرز کے لئے گاڑیوں کو خریدنے پر پابندی عائد کی گئی۔ مزید برآں شرح سود میں اضافہ نے شعبہ کی مشکلات میں مزید اضافہ کر دیا ہے۔ تاہم حالیہ حکومتی اقدامات کی وجہ سے خراب صورتحال میں کچھ بہتری آئی ہے۔

ریگولیٹری ڈیوٹی

ہم مسرت کے ساتھ مطلع کرتے ہیں کہ اسٹیل کی مصنوعات پر جو ریگولیٹری ڈیوٹی (RD) 2015 سے عائد کی گئی تھی وہ 11 فروری 2019 سے آٹوموٹو پارٹس کی مارکیٹ کے لئے ختم کر دی گئی ہے۔ آٹوموٹو انڈسٹری حکومت کی مشکور ہے جس نے آٹوموٹو انڈسٹری کی فروخت کی نمو کو تیز کرنے کے لئے اس کی پیداواری لاگتوں میں کمی کر کے صحیح قدم اٹھایا ہے۔

نان فاکرز کو گاڑیاں خریدنے کی اجازت

اس کے علاوہ حکومت نے دوسرے ضمنی فنانس بل 2019 میں نان فاکرز کو 1300 سی سی سے کم گاڑیوں کو خریدنے کی اجازت دے دی ہے، جس سے مسافر کاروں کے منجملہ شعبہ کی فروخت اور پیداواری حجم میں اضافے میں مدد ملے گی۔

کافی نئی کمپنیز سال 2019/20 میں اپنی گاڑیاں متعارف کروانے کا ارادہ رکھتی ہیں۔ جیسا کہ کمپنیز مکمل CKD پارٹس کی درآمد پر نسبتاً کم کسٹم ڈیوٹی ادا کرتی ہیں، اسی وجہ سے مقامی آٹو پارٹس کی تیاری پر ان کی توجہ کم ہے۔ تاہم توقع ہے کہ وہ اپنی مقامی پیداوار کے منصوبوں کو آگے بڑھائیں گے تاکہ مساواتی قدر سے فائدہ اٹھایا جاسکے اور اس طرح مقامی پارٹس کے سپلائرز کی صنعت کو بھی فائدہ ہوگا۔

ایگری آٹو اسٹیمپنگ کمپنی (پرائیویٹ) لمیٹڈ (ASC)

جیساگز شٹر پورٹوں میں بورڈ نے ذیلی کمپنی کے 376 ملین روپے کے سرمایہ جاتی خرچے کے منصوبے سے آگاہ کیا تھا جس کے تحت مزید دو پریس 800 ٹن اور 500 ٹن خریدنے کے علاوہ ویلڈنگ کے ڈھانچے کے ساتھ ساتھ ذخیرہ کی جگہ میں توسیع کی جائے گی۔ ہم مسرت کے ساتھ مطلع کرتے ہیں کہ پریسوں کو چین سے بحری جہاز سے روانہ کر دیا گیا ہے، جن کی کمشنگ مارچ 2019 میں شروع ہو جائے گی۔ دیگر ضمنی سرگرمیاں بھی منصوبہ کے تحت انجام پائیں گی۔ امید ہے کہ پیداواری گنجائش میں توسیع کے ثمرات اگلے مالیاتی سال میں ظاہر ہونا شروع ہو جائیں گے۔

جہاں تک ڈائنامک کی صلاحیتوں کا تعلق ہے تو ہم بخوشی مطلع کرتے ہیں کہ درمیانے اور چھوٹے سائز کے سانچے مقامی طور پر ہمارے تکنیکی شراکت دار میسرز

Ogihara (Thailand) Company Ltd. کے تعاون سے تیار کئے جا رہے ہیں۔ ان سانچوں کے ذریعے تیار کئے گئے پرزوں کی آزمائش کی گئی ہے اور انہیں پیداوار کے لئے درست پایا گیا ہے۔ ہمیں قوی امید ہے کہ سانچے بنانے کی مقامی صلاحیت میں بہتری سے کمپنی مستقبل میں قیمتی زر مبادلہ بچائے گی۔

آخر میں ہم اپنی مخلصانہ تہنیت اپنے تمام کسٹمرز، ڈیلرز، بیکارز اور بیرونی تکنیکی معاونت کاروں کو ان کی بیش بہا مدد اور کمپنی پر ان کے اعتماد پر انہیں پیش کرتے ہیں۔ ہم اپنی ٹیم کے تمام ممبران کے مشکور ہیں جنہوں نے جانفشانی کے ساتھ کمپنی کی ترقی کے لئے کام کیا۔

برائے و منجانب

فہیم کپاڈیا
چیف ایگزیکٹو

مورخہ: 25 فروری 2019

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 2018** 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 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 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

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: 28 February 2019

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

	Note	December 31, 2018 (Un-audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
ASSETS			
NON-CURRENT ASSETS			
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
		<u>1,913,385</u>	<u>1,825,726</u>
CURRENT ASSETS			
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
		<u>2,464,643</u>	<u>2,524,299</u>
TOTAL ASSETS		<u>4,378,028</u>	<u>4,350,025</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 40,000,000 (June 30, 2018: 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, 2018: 28,800,000) ordinary shares Rs. 5/- each		<u>144,000</u>	<u>144,000</u>
Reserves		<u>3,731,020</u>	<u>3,726,986</u>
		<u>3,875,020</u>	<u>3,870,986</u>
NON-CURRENT LIABILITY			
Deferred taxation		9,996	16,792
CURRENT LIABILITIES			
Trade and other payables	9	463,217	436,227
Unpaid dividend		6,397	2,516
Unclaimed dividend		23,398	23,504
		<u>493,012</u>	<u>462,247</u>
COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		<u>4,378,028</u>	<u>4,350,025</u>

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



YUTAKA ARAI
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	December 31, 2017	December 31, 2018	December 31, 2017
		(Rupees in '000)		(Rupees in '000)	
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)
Gross profit		543,184	579,669	286,830	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)
Operating profit		371,268	419,514	198,883	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)
Profit before taxation		356,753	406,655	188,779	204,640
Taxation	11	(107,919)	(122,369)	(60,228)	(62,013)
Profit after taxation		248,834	284,286	128,551	142,627
----- (Rupees) -----					
Earnings per share - basic and diluted		8.64	9.87	4.46	4.95

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 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	-	-	-	-
Total comprehensive income for the period	<u>248,834</u>	<u>284,286</u>	<u>128,551</u>	<u>142,627</u>

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 CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

	Half year ended	
	December 31, 2018	December 31, 2017
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	356,753	406,655
Adjustments for:		
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)
	<u>384,383</u>	<u>422,976</u>
Increase in current assets	(350,352)	(239,504)
Increase in current liabilities	26,987	34,840
Cash generated from operations	<u>61,018</u>	<u>218,312</u>
Finance costs paid	(155)	(148)
Income tax paid	(27,365)	(7,131)
Net cash generated from operating activities	<u>33,498</u>	<u>211,033</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
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
Net cash used in investing activities	<u>(113,991)</u>	<u>(4,628)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(241,025)	(209,762)
Net decrease in cash and cash equivalents	<u>(321,518)</u>	<u>(3,357)</u>
Cash and cash equivalents at the beginning of the period	770,956	869,835
Cash and cash equivalents at the end of the period	<u>449,438</u>	<u>866,478</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	307,438	229,665
Short-term investments	142,000	636,813
	<u>449,438</u>	<u>866,478</u>

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 CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

	Issued, subscribed and paid- up capital	Reserves				Total equity
		Capital reserve	Revenue reserves		Total	
		Share premium	General	Unapp- ropriated profit		
			(Rupees in '000)			
Balance as at July 01, 2017	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
Balance as at December 31, 2017	144,000	12,598	3,275,000	318,467	3,606,065	3,750,065
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
Balance as at December 31, 2018	144,000	12,598	3,465,000	253,422	3,731,020	3,875,020

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
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 5th 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)
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1 & 6.2	693,986	644,258
Capital work-in-progress		58,717	23,365
		752,703	667,623

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 December 31,		Half year ended December 31,	
	2018	2017	2018	2017
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Owned				
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	-	-
	94,346	22,586	2,960	4,486

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) -----	
8. SHORT TERM INVESTMENTS			
Financial assets at amortised cost			
Term deposit receipts	8.1	142,000	442,000
Treasury bills		-	98,692
Accrued profit thereon		1,078	2,868
		143,078	543,560

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, 2018	December 31, 2017
		(Un-audited) ----- (Rupees in '000) -----	(Un-audited) -----
Subsidiary (wholly owned)			
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	-
Retirement benefit funds			
Provident fund	Contribution	5,221	4,340
Key management personnel			
	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

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

	Note	December 31, 2018 (Un-audited) (Rupees in '000)	June 30, 2018 (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,747,711	1,584,818
Long term deposits		13,038	13,028
Intangible asset		10,442	7,863
		<u>1,771,191</u>	<u>1,605,709</u>
CURRENT ASSETS			
Stores, spares and loose tools		88,251	95,788
Stock-in-trade		1,600,226	1,456,346
Trade debts		649,398	574,251
Advances, deposits, prepayments and other receivables	7	242,079	51,238
Accrued profit		2,693	1,318
Sales tax receivable		61,551	36,675
Short-term investments	8	299,471	743,488
Taxation – net		233,925	324,202
Cash and bank balances		670,136	425,961
		<u>3,847,730</u>	<u>3,709,267</u>
TOTAL ASSETS		<u><u>5,618,921</u></u>	<u><u>5,314,976</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30,2018: 40,000,000) Ordinary shares of Rs. 5/- each		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up share capital		144,000	144,000
Reserves		<u>4,811,766</u>	<u>4,556,680</u>
		<u>4,955,766</u>	<u>4,700,680</u>
NON CURRENT LIABILITY			
Deferred taxation		75,352	76,011
CURRENT LIABILITIES			
Trade and other payables		558,008	512,265
Unpaid dividend		6,397	2,516
Unclaimed dividend		23,398	23,504
		<u>587,803</u>	<u>533,006</u>
COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u><u>5,618,921</u></u>	<u><u>5,314,976</u></u>

The annexed notes from 1 to 12 form an integral part of these 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 HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

	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	4,936,709	3,991,913	2,632,195	2,062,036
Cost of sales	(4,114,762)	(3,182,198)	(2,168,985)	(1,658,995)
Gross profit	821,947	809,715	463,210	403,041
Distribution costs	(68,219)	(58,344)	(34,054)	(29,630)
Administrative expenses	(117,034)	(115,350)	(60,567)	(57,105)
	(185,253)	(173,694)	(94,621)	(86,735)
Operating profit	636,694	636,021	368,589	316,306
Other expenses	(52,852)	(52,961)	(31,878)	(27,436)
Other income	30,403	30,640	14,967	17,328
Finance costs	(303)	(207)	(161)	(103)
	(22,752)	(22,528)	(17,072)	(10,211)
Profit before taxation	613,942	613,493	351,517	306,095
Taxation	(114,056)	(121,276)	(63,629)	(60,698)
Profit after taxation	499,886	492,217	287,888	245,397
	Rupees	Rupees	Rupees	Rupees
Earnings per share - basic and diluted	17.36	17.09	10.00	8.52

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 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	499,886	492,217	287,888	245,397
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>499,886</u>	<u>492,217</u>	<u>287,888</u>	<u>245,397</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 CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

	Half year ended	
	December 31, 2018	December 31, 2017
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	613,942	613,493
Adjustments for:		
Depreciation	93,508	99,450
Finance costs	303	207
Reversal for impairment of trade debts	-	(39)
Loss/ (gain) on disposal of property, plant and equipment	381	(2,219)
Profit on term deposit receipts	(16,957)	(18,700)
Profit on bank balances	(8,683)	(6,219)
	682,494	685,973
Increase in current assets	(425,028)	(393,423)
Decrease in current liabilities	43,563	37,682
Cash (used in) / generated from operations	301,029	330,232
Finance costs paid	(303)	(207)
Long term deposit	(10)	-
Income tax paid	(24,439)	(6,292)
Net cash (used in) / generated from operating activities	(276,277)	323,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(263,473)	(26,209)
Proceeds from disposal of property, plant and equipment	4,115	7,401
Technical fee paid	-	(9,452)
Profit received on investments / bank balances	26,914	23,989
Net cash used in investing activities	(232,444)	(4,271)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(241,025)	(209,762)
Net (decrease) / increase in cash and cash equivalents	(197,192)	109,700
Cash and cash equivalents at the beginning of the period	1,165,328	1,037,261
Cash and cash equivalents at the end of the period	968,136	1,146,961
CASH AND CASH EQUIVALENTS		
Cash and bank balances	670,136	361,425
Short-term investments	298,000	785,536
	968,136	1,146,961

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 HALF YEAR ENDED DECEMBER 31, 2018
(UN-AUDITED)

	Issued, subscribed and paid- up capital	Capital reserve Share premium	Revenue reserves		Total	Total equity
			General	Unappro- priated profit		
Balance as at July 01, 2017	144,000	12,598	3,075,000	840,565	3,928,163	4,072,163
Final dividend for the year ended June 30, 2017 @ Rs.7.50/- per share	-	-	-	(216,000)	(216,000)	(216,000)
Transfer to general reserve	-	-	580,000	(580,000)	-	-
Profit after taxation for the period	-	-	-	492,217	492,217	492,217
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	492,217	492,217	492,217
Balance as at December 31, 2017	144,000	12,598	3,655,000	536,782	4,204,380	4,348,380
Balance as at July 01, 2018	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.8.50/- 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
Balance as at December 31, 2018	144,000	12,598	4,245,000	554,168	4,811,766	4,955,766

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


YUTAKA ARAE
Chairman


FAHIM KAPADIA
Chief Executive


SAAD USMAN
Chief Financial Officer

AGRIAUTO INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED 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. 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, 2018.

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, 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 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, 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 (Un-audited)	June 30, 2018 (Audited)
6. PROPERTY, PLANT AND EQUIPMENT			
		(Rupees in '000)	
Operating fixed assets	6.1 & 6.2	1,525,133	1,481,752
Capital work-in-progress		222,578	103,066
		1,747,711	1,584,818

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) -----	
Owned				
Plant and machinery	112,267	10,915	577	2,172
Vehicles	25,020	13,014	3,223	3,034
Furniture and fixtures	1,162	757	560	-
Computers	1,738	1,427	114	37
Office equipment	-	96	22	-
	140,187	26,209	4,496	5,243

6.2 Depreciation charge for the period amounted to Rs. 92,310 (December 31, 2017: Rs. 98,806).

7. ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Includes an amount of Rs. 200.735 million (June 30, 2018: 40.594 million) deposited with commercial banks in respect of cash margin requirement on import..

	Note	December 31, 2018 (Un-audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
8. SHORT TERM INVESTMENTS			
Held- to- maturity			
Term deposit receipts	8.1	298,000	542,000
Treasury bills		-	197,367
Accrued profit thereon		1,471	4,121
		<u>548,355</u>	<u>743,488</u>

- 8.1 Represents one to three months term deposit receipts held 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 in January 2019.

9. COMMITMENTS

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

- 9.1 Commitments in respect of outstanding letters of credit for raw material amounted to Rs. 633.767 million (June 30, 2018: Rs. 967.347 million).
- 9.2 Commitments in respect of capital expenditure amounted to Rs. 206.623 million (June 30, 2018: Rs. 287.966 million).

10. 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, 2018 (Un-audited) ----- (Rupees in '000) ----	December 31, 2017 (Un-audited)
Retirement benefit funds			
Provident fund	Contribution	5,761	4,837
Key management personnel	Remuneration and other benefits	18,431	13,380*
	Fee for attending board meetings	600	525

11. DATE OF AUTHORISATION FOR ISSUE

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

12. GENERAL

- 12.1 Corresponding figures have been re-arranged, wherever necessary for better and fair presentation

Following re-arrangements in the corresponding figures have been made on the balance sheet

From:	Rupees	To:	Rupees
Stock-in-trade	40,594	Advance, deposit, prepayments and other receivables	40,594

- 12.2 Figures have been rounded off to the nearest thousands.


YUTAKA ARAE
Chairman


FAHIM KAPADIA
Chief Executive


SAAD USMAN
Chief Financial Officer