

Atlas Honda
Half Yearly Report
September 30, 2014

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hiromitsu Takasaki
Director

Hisao Kobayashi
Director

Kazuhisa Hirota
Director

Sanaullah Qureshi
Director

Tariq Amin
Director

Saqib H. Shirazi
Chief Executive Officer

Syed Tanvir Hyder
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Abid Naqvi
Member

Tariq Amin
Member

Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Tariq Amin
Member

Saqib H. Shirazi
Member

Razi Ur Rehman
Secretary

Management Committee

Saqib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Hisao Kobayashi
Vice President Technical

Kashif Yasin
Chief Financial Officer

Muhammad Khalid Aziz
General Manager Plants

Muhammad Qadeer Khan
General Manager Quality Assurance

Hiromitsu Takasaki
General Manager Technical

Mushtaq Alam
General Manager Information Technology

Javed Afghani
General Manager Marketing

Razi Ur Rehman
General Manager Human Resources,
Administration & Corporate Affairs

Khawaja Shujauddin
General Manager Planning & Commercial

Shakil Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research & Development

Muhammad Noman Khan
General Manager Engineering & Projects

Company Information

Auditors

Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

Shares Registrar

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

Registered Office

1-McLeod Road, Lahore-54000
Tel: (92-42) 37225015-17, 37233515-17
Fax: (92-42) 37233518, 37351119
E-mail: ahl@atlas.com.pk
Website: www.atlashonda.com.pk

Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel: (92-21) 32575561-65
Fax: (92-21) 32563758

26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel: (92-56) 3406501-8
Fax: (92-56) 3406009

Branch Offices & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989, 4572898
Fax: (92-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel: (92-51) 5120494-6
Fax: (92-51) 5120497

House # 7, Atta Road, Canal Bank,
Rahim Yar Khan
Tel: (92-68) 5888809

391, Block D, Latifabad Unit # 6, Hyderabad
Tel: (92-22) 3864983-4
Fax: (92-22) 3864985

1st Floor, Meezan Executive Tower,
4 - Liaquat Road, Faisalabad
Tel: (92-41) 2541011-7

Show Room

* West View Building, Preedy Street, Saddar,
Karachi
Tel: (92-21) 32720833, 32727607

Spare Parts Division

Plot # F-4/Y, S.I.T.E, Karachi-75730
Tel : (92-21) 38200077

Warranty & Training Centres

7-Pak Chambers, West Wharf Road, Karachi
Tel: (92-21) 32310142

* 28 Mozang Road, Lahore
Tel: (92-42) 36375360, 36303366

Azmat Wasti Road, Multan
Tel: (92-61) 4540028

* Customer Care services are also available at these locations.

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the half year ended September 30, 2014.

The Economy

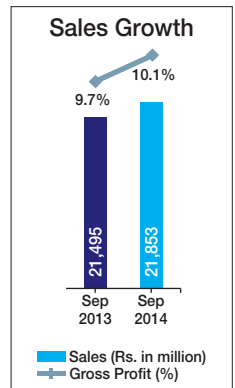
During the quarter, the economy came under pressure due to the challenging domestic conditions arising from the political uncertainty and heavy floods. Inflation, however, remained under control and recorded a year on year increase of 5.8%. Workers' Remittances grew to USD 4.69 billion, up by 19.5% as compared to the corresponding period last year. Healthy remittances and receipts from the Coalition Support Fund (CSF) improved the forex reserves to over USD 13 billion. On the other hand, current account continued to be under pressure and posted a deficit of USD 1.33 billion in the 1QFY15. This was due to the increase in imports by 12.1% and decrease in exports by 5.7%. Further, receipts from the IMF and other budgeted foreign inflows from multilateral sources were delayed due to the prevailing political instability. Resultantly, the Pak Rupee sharply depreciated by 4% against USD and closed at Rs. 102.7. All these factors, together with upside risk to inflation emanating from floods, prompted SBP to keep the discount rate unchanged at 10%. On the fiscal front, limited development spending and provincial surpluses helped contain the fiscal deficit to 1.2% of GDP during 1QFY15.

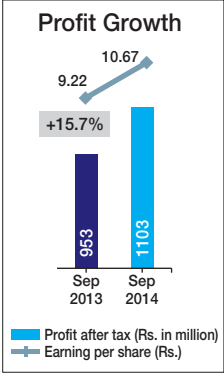
The agriculture targets of the Kharif crops were affected by the heavy rains in Punjab and Upper Sindh. The floods in Punjab inundated more than 1.2 million hectares of cropped area and caused substantial damage to the standing cotton, rice and sugar cane harvest. Consequently, sale of consumer durables saw an overall slowdown in the rural areas.

The LSM index witnessed a growth of 3.19% during 2M FY15. Higher production of engineering, rubber, iron & steel and electronics products translated in this improved performance. However, broad based energy reforms and stable law and order situation are imperative for inclusive growth.

Operating Results

The Company remains committed to deliver on its long term objectives of sustainable growth and value creation. This is being achieved through focus on continued operational excellence, product portfolio diversification, cost reduction and maintaining a strong capital structure. Accordingly, the Company posted revenue of Rs. 21.9 billion, an increase of 1.7% as compared to the corresponding period. Gross margins improved to 10.1% from 9.7%. Continued rationalization of product mix, favorable exchange rates, energy management measures and other improvement measures led to this growth. Due to the effective cost control measures, sales, marketing and administrative expenses increased by a marginal 1% and were recorded at Rs. 846.7 million. Efficient treasury





operations reflected in improved investment income. Resultantly, other operating income was recorded at Rs. 230.4 million which shows an encouraging 43.3% increase as compared to the corresponding period. The above factors enabled the Company to register its highest ever net profit before taxation of Rs. 1,490.6 million. The net profit after taxation was recorded at Rs. 1,102.9 million, an increase of 15.7% over the corresponding period. Earnings per Share (EPS) improved to Rs. 10.67 per share for the half year ended September 30, 2014 in comparison to Rs. 9.22 per share for the corresponding period.

Future Outlook

With an ease off in the political confrontation, the government seems determined to focus on economic growth and reforms once again. The proceeds from privatization of PSEs, floatation of Sukuk bond in the international markets and IMF tranches under EFF look to provide stability to the external account. While risks to CPI exist due to the fiscal adjustments in the energy sector, a contraction in international oil prices is likely to contain inflation and support the balance of payments. Achieving sustained growth over the long term will require structural reforms, elimination of energy shortages and consistent increase in tax to GDP ratio. For the Company, continuation of the growth momentum, however, will primarily hinge on the agriculture production due to its impact on the buyer's purchasing power. Higher agri-credit disbursements and increase in support prices are, therefore, expected to provide a positive stimulus. These measures will help increase the demand of two wheelers due to its role as the main source of transportation in the rural areas.

The Company is confident on its ability to grow the business and capitalize on the significant opportunities, leading to value creation for its stakeholders. The Company believes that the principles of "The Atlas Way" will continue to provide a firm foundation for future endeavors.

عہ خسرماں خسرماں ارم دیکھتے ہیں

(We foresee bright prospects)

Acknowledgement

The Atlas Group takes great pride in its partnership with Honda Motor Company Limited and would like to acknowledge their continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping to build Atlas Honda Limited into a unique company.

Dated: November 20, 2014

Karachi

Yusuf H. Shirazi



HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Atlas Honda Limited as at September 30, 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended September 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2014.

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 information 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 condensed interim financial information as of and for the half year ended September 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: November 20, 2014
Engagement partner: Muhammad Ali

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

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Karachi Chambers, Hasrat Mohani Road.
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Fax : 021-32424835 E-mail : khi@hccpk.com
URL : www.hccpk.com



Condensed Interim Balance Sheet

As at September 30, 2014

		(Unaudited) September 30, 2014	(Audited) March 31, 2014
	Note	----- (Rupees in '000) -----	
Assets			
Non-Current Assets			
Property, plant and equipment	5	4,720,899	4,552,816
Intangible assets		2,856	4,781
Long term investments	6	199,617	-
Long term loans and advances		27,397	26,396
Long term deposits		11,516	9,632
		<u>4,962,285</u>	<u>4,593,625</u>
Current Assets			
Stores, spares and loose tools		427,262	400,424
Stock-in-trade		2,480,929	2,042,602
Trade debts		679,584	520,321
Loans and advances		37,751	35,305
Trade deposits and prepayments	7	159,879	50,679
Short term investments	8	3,038,960	3,691,241
Accrued mark-up / interest		8,998	11,130
Other receivables		14,432	4,666
Bank balances		2,755,429	2,843,738
		<u>9,603,224</u>	<u>9,600,106</u>
Non Current Assets Classified as Held for Sale	9	-	171,459
		<u>14,565,509</u>	<u>14,365,190</u>
Equity and Liabilities			
Equity			
Share capital		1,034,066	1,034,066
Reserves		6,948,033	6,879,247
		<u>7,982,099</u>	<u>7,913,313</u>
Non-Current Liabilities			
Compensated absences		203,538	192,042
Deferred taxation	10	571,711	637,558
		<u>775,249</u>	<u>829,600</u>
Current Liabilities			
Trade and other payables		5,700,892	5,577,694
Taxation - net		107,269	44,583
		<u>5,808,161</u>	<u>5,622,277</u>
Contingencies and commitments	11	6,583,410	6,451,877
		<u>14,565,509</u>	<u>14,365,190</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman




Saquib H. Shirazi
Chief Executive Officer


Condensed Interim Profit and Loss Account - Unaudited

For the Half Year Ended September 30, 2014

	Note	Quarter ended September 30,		Half year ended September 30,	
		2014	2013	2014	2013
------(Rupees in '000)-----					
Sales		10,640,148	10,735,499	21,852,746	21,495,474
Cost of sales	12	(9,578,533)	(9,732,752)	(19,639,584)	(19,408,164)
Gross profit		1,061,615	1,002,747	2,213,162	2,087,310
Sales and marketing expenses		(310,167)	(306,123)	(639,291)	(623,542)
Administrative expenses		(99,018)	(110,336)	(207,398)	(216,661)
Other income		115,783	91,787	235,375	165,037
Other operating expenses		(57,837)	(51,218)	(115,895)	(103,088)
Profit from operations		710,376	626,857	1,485,953	1,309,056
Finance cost		(2,895)	(1,028)	(4,944)	(4,218)
Share of profit of an Associated Company - net of tax		707,481	625,829	1,481,009	1,304,838
		7,169	-	9,617	-
Profit before taxation		714,650	625,829	1,490,626	1,304,838
Taxation		(185,274)	(161,412)	(387,774)	(351,526)
Profit after taxation		529,376	464,417	1,102,852	953,312
Other comprehensive income		-	-	-	-
Total comprehensive income		529,376	464,417	1,102,852	953,312
----- (Rupees) -----					
Basic and diluted earnings per share		5.12	4.49	10.67	9.22

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Cash Flow Statement - Unaudited

For the Half Year Ended September 30, 2014

	Note	Half year ended September 30,	
		2014	2013
---(Rupees in '000)---			
Cash Flows from Operating Activities			
Cash generated from operations	13	1,127,828	3,131,378
Income tax paid		(390,935)	(393,603)
Contributions made to gratuity fund		(23,452)	(26,371)
Compensated absences paid		(3,504)	(1,767)
Mark-up / interest received		71,452	78,599
Workers' profit participation fund paid		(144,583)	(118,931)
Long term loans and advances - net		(1,001)	223
Long term deposits - net		(1,884)	984
Net cash generated from operating activities		633,921	2,670,512
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(543,678)	(374,566)
Proceeds from sale of property, plant and equipment		58,454	7,295
Investments acquired		(3,133,471)	(1,049,528)
Proceeds from sale of investments		3,919,901	300,000
Net cash generated from / (used in) investing activities		301,206	(1,116,799)
Cash Flows from Financing Activities			
Dividend paid		(1,023,436)	(609,325)
Net (decrease) / increase in cash and cash equivalents		(88,309)	944,388
Cash and cash equivalents at beginning of the period		2,843,738	2,739,988
Cash and cash equivalents at end of the period		2,755,429	3,684,376

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Statement of Changes in Equity - Unaudited

For the Half Year Ended September 30, 2014

(Rupees in '000)

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
Balance as at April 1, 2013	827,253	39,953	165	4,072,000	1,589,806	6,529,177
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognised directly in equity						
Bonus shares issued during the year in ratio of 1 share for every 4 shares held	206,813	-	-	-	(206,813)	-
Final dividend for the year ended March 31, 2013 at the rate of Rs.7.50 per share	-	-	-	-	(620,440)	(620,440)
Total comprehensive income for the half year ended September 30, 2013	206,813	-	-	-	(827,253)	(620,440)
Profit for the period	-	-	-	-	953,312	953,312
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	953,312	953,312
Balance as at September 30, 2013	1,034,066	39,953	165	4,702,000	1,085,865	6,862,049
Total comprehensive income for six months period ended March 31, 2014						
Profit for the period	-	-	-	-	1,048,248	1,048,248
Other comprehensive income	-	-	-	-	3,016	3,016
	-	-	-	-	1,051,264	1,051,264
Balance as at March 31, 2014	1,034,066	39,953	165	4,702,000	2,137,129	7,913,313
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended March 31, 2014 at the rate of Rs.10 per share	-	-	-	-	(1,034,066)	(1,034,066)
Total comprehensive income for the half year ended September 30, 2014						
Profit for the period	-	-	-	-	1,102,852	1,102,852
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,102,852	1,102,852
Balance as at September 30, 2014	1,034,066	39,953	165	5,332,000	1,575,915	7,982,099

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended September 30, 2014

1. The Company and its Activities

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts.

2. Basis of Preparation

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended September 30, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2014.

3. Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended March 31, 2014 except as follows:

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on April 1, 2014. The adoption of these new and amended standards did not have any effect on this condensed interim financial information.

4. Accounting Estimates and Judgements

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended March 31, 2014.

5. Property, Plant and Equipment

		(Unaudited) September 30, 2014	(Audited) March 31, 2014
	Note	------(Rupees in '000)-----	
Operating fixed assets	5.1	4,486,383	4,406,665
Capital work-in-progress		234,516	146,151
		<u>4,720,899</u>	<u>4,552,816</u>

		(Unaudited) September 30, 2014	(Audited) March 31, 2014
	Note	----- (Rupees in '000) -----	
5.1 Operating fixed assets			
Book value at beginning of the period / year		4,406,665	4,385,058
Additions during the period / year	5.2	455,313	873,993
Disposals costing Rs.193,864 thousand (March 31, 2014: Rs.302,729 thousand) - at book value		(63,105)	(43,645)
Assets classified as held for sale and assets transferred to inventories		-	(173,471)
Depreciation charge for the period / year		(312,490)	(635,270)
Book value at end of the period / year		<u>4,486,383</u>	<u>4,406,665</u>
5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:			
Buildings on freehold land		19,301	116,608
Buildings on leasehold land		4,633	17,232
Plant and machinery		300,393	373,589
Dies and jigs		52,199	180,295
Factory equipment		8,838	33,422
Office equipment		619	5,742
Computers and accessories		1,638	18,291
Furniture and fixtures		15,688	6,250
Electric and gas fittings		5,040	48,123
Vehicles		46,964	74,441
		<u>455,313</u>	<u>873,993</u>
6. Long Term Investments - Unquoted			
Associated Company - equity basis			
Atlas Hitec (Private) Limited			
19,000,000 (March 31, 2014:Nil) ordinary shares of Rs.10 each - cost	6.1	190,000	-
Equity held: 29.23% (March 31, 2014:Nil)			
Add: Share of post acquisition profit - net of tax	6.2	9,617	-
		<u>199,617</u>	<u>-</u>
Others - available for sale			
Arabian Sea Country Club Limited			
200,000 ordinary shares of Rs.10 each - cost		2,000	2,000
Less: Impairment in the value of investment		2,000	2,000
		-	-
Automotive Testing & Training Centre (Private) Limited			
50,000 ordinary shares of Rs.10 each - cost		500	500
Less: Impairment in the value of investment		500	500
		-	-
		<u>199,617</u>	<u>-</u>

6.1 The Company, during the period, acquired nineteen million ordinary shares of Rs.10 each of Atlas Hitec (Private) Limited [an Associated Company] against consideration of its fixed assets as detailed in note 9 to the condensed interim financial information.

6.2 This figure is based on unaudited interim financial information of the investee company as at September 30, 2014.

7. Trade Deposits and Prepayments

Include prepayments of Rs.156,423 thousand (March 31, 2014: Rs.47,645 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

(Unaudited) September 30, 2014	(Audited) March 31, 2014
----- (Rupees in '000) -----	

8. Short-term Investments

- at fair value through profit or loss

Investments in units of mutual funds:

- Related parties	2,439,340	3,065,862
- Others	599,620	625,379
	3,038,960	3,691,241

9. Non Current Assets Classified as Held for Sale

Last year the Company entered into an agreement with Denso Corporation and Atlas Autos (Private) Limited (an Associated Company) to form a company named Atlas Hitec (Private) Limited [AHTL] and according to that agreement, AHTL will issue its ordinary shares to the Company in consideration of its operating fixed assets. The Company, during the period, has received nineteen million ordinary shares of Rs.10 each of AHTL against its fixed assets having book value of Rs.171,459 thousand. Gain amounting Rs.18,541 thousand has been recognised in 'Other income'.

10. Deferred Taxation

As at September 30, 2014, deferred tax asset / liability on the deductible / taxable temporary differences has been recognised at the rate of 33%, being the rate substantively enacted at the reporting date and is expected to apply to the periods when the asset is realized or the liability is settled.

11. Contingencies and Commitments

11.1 Contingencies

11.1.1 There is no change in status of the contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended March 31, 2014.

(Unaudited) September 30, 2014	(Audited) March 31, 2014
----- (Rupees in '000) -----	

11.1.2 Guarantees issued by banks on behalf of the Company	137,027	165,735
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	(Unaudited) September 30, 2014	(Audited) March 31, 2014
	----- (Rupees in '000) -----	
11.2 Commitments		
11.2.1 Commitments in respect of:		
- capital expenditure, raw materials and components through confirmed letters of credit	875,577	849,291
- capital expenditure other than letters of credit	137,822	81,623
11.2.2 Aggregate commitments for ijarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:		
	(Unaudited) September 30, 2014	(Audited) March 31, 2014
	----- (Rupees in '000) -----	
Not later than 1 year	38,079	20,856
Over 1 year and no later than 5 years	36,419	30,976
	74,498	51,832

	Note	(Unaudited)			
		Quarter ended September 30, 2014		Half year ended September 30, 2014	
		2013	2013	2013	2013
		----- (Rupees in '000) -----			
12. Cost of Sales					
Opening stock of finished goods		438,505	282,713	311,075	250,247
Cost of goods manufactured	12.1	8,768,622	9,314,844	18,286,661	18,541,365
Purchases		738,747	471,206	1,409,189	952,563
		9,507,369	9,786,050	19,695,850	19,493,928
		9,945,874	10,068,763	20,006,925	19,744,175
Closing stock of finished goods		(367,341)	(336,011)	(367,341)	(336,011)
		9,578,533	9,732,752	19,639,584	19,408,164
12.1 Cost of goods manufactured					
Opening stock of work-in-process		57,000	31,046	4,549	6,587
Raw materials and components consumed		7,240,353	7,782,293	15,216,555	15,491,839
Factory overheads		1,512,108	1,548,533	3,106,396	3,089,967
		8,752,461	9,330,826	18,322,951	18,581,806
		8,809,461	9,361,872	18,327,500	18,588,393
Closing stock of work-in-process		(40,839)	(47,028)	(40,839)	(47,028)
		8,768,622	9,314,844	18,286,661	18,541,365

		(Unaudited)	
		Half year ended	
		September 30,	
		2014	2013
		----- (Rupees in '000) -----	
13. Cash Generated from Operations	Note		
Profit before taxation		1,490,626	1,304,838
Adjustments for non-cash charges and other items:			
Depreciation		312,490	309,009
Amortization of intangible assets		1,925	2,042
Provision for compensated absences		15,000	20,931
Provision for gratuity		13,383	10,978
Mark-up / interest on savings accounts and term deposit receipts		(69,320)	(77,678)
Gain on sale of investments		(59,692)	(5,710)
Net change in fair value of investments at fair value through profit or loss		(74,457)	(59,300)
Gain on disposal of non current assets classified as held for sale		(18,541)	-
Workers' profit participation fund		79,562	70,077
Workers' welfare fund		30,664	26,629
Loss on disposal of operating fixed assets		4,651	4,936
Share of profit of an Associated Company		(9,617)	-
Working capital changes	13.1	(588,846)	1,524,626
		<u>1,127,828</u>	<u>3,131,378</u>
13.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(26,838)	15,371
Stock-in-trade		(438,327)	(263,787)
Trade debts		(159,263)	64,289
Loans and advances		(2,446)	(2,124)
Trade deposits and prepayments		(109,200)	(93,735)
Other receivables		(9,766)	(2,628)
		(745,840)	(282,614)
Increase in trade and other payables		156,994	1,807,240
		<u>(588,846)</u>	<u>1,524,626</u>

14. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statement for the year ended March 31, 2014.

There have been no significant changes in the risk management policies since the year end.

15. Transactions with Related Parties

15.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	(Unaudited) Half year ended September 30,		
		2014	2013	
		---(Rupees in '000)---		
(i) Associates	Sales:			
	- goods and services	415,568	94,826	
	- operating fixed assets	23,032	1,748	
	- non current assets classified as held for sale	190,000	-	
	Purchases:			
	- goods and services	3,871,200	2,596,891	
	- operating fixed assets	23,259	13,744	
	- intangible assets	-	3,239	
	Sale of units in mutual funds	3,265,343	100,000	
	Purchase of units in mutual funds	2,529,971	850,000	
	Investments made	190,000	-	
	Royalty	1,010,681	1,031,905	
	Export commission	2,572	3,188	
	Technical assistance fee	6,738	-	
	Commission income	1,948	5,322	
	Rent	79,221	73,035	
	Insurance premium paid	160,136	157,661	
	Insurance claims received	1,806	1,644	
	Reimbursement of expenses - net	1,501	1,489	
	Dividend paid	933,447	538,498	
	Donation paid	-	11,038	
			--- Number of shares ---	
		Bonus shares issued	-	18,668,946
		---- (Rupees in '000) ----		
(ii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	48,034	49,455	
(iii) Key management personnel	Salaries and other short term employment benefits	54,360	48,666	
		(Unaudited) September 30, 2014	(Audited) March 31, 2014	
		----- (Rupees in '000) -----		
15.2 Period/year end balance are as follows:				
Receivables from related parties				
	Capital work-in-progress	6,274	5,158	
	Trade debts	60,118	-	
Payables to related parties				
	Trade and other payables	227,715	557,017	

These are in the normal course of business.

16. Corresponding Figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2014 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the half year ended September, 30, 2013.

17. Date of Authorization for Issue

This condensed interim financial information was authorized for issue on November 20, 2014 by the Board of Directors.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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