



Atlas Honda
Quarterly Report
December 31, 2015

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hiromitsu Takasaki
Director

Jawaid Iqbal Ahmed
Director

Kazuhisa Hirota
Director

Sanaullah Qureshi
Director

Yasutaka Uda
Director

Saqib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Syed Tanvir Hyder
Head of Internal Audit

Umair Mukhtar
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Saqib H. Shirazi
Member

Razi Ur Rehman
Secretary

Management

Saqib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yasutaka Uda
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
Faysal Bank Limited
Habib Bank Limited
Khushali 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, 4540028
Fax: (92-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel: (92-51) 5120494-6, 5120502
Fax: (92-51) 5120497

House # 7, Atta Road,
near Govt. Girls College, Rahimyar Khan
Tel: (92-68) 5888809, 5883419, 5883417

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

1st Floor, Meezan Executive Tower,
4 - Liaquat Road, Faisalabad
Tel: (92-41) 2541011-7, 2541014

Show Room

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

Warranty & Training Centres

* 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 nine months period ended December 31, 2015.

The Economy

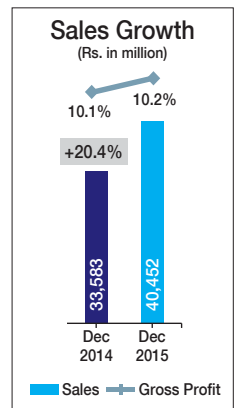
The economy is on a sustainable growth path with improvements seen in a majority of macroeconomic indicators. Inflation recorded a multi-year low level of 3.2%. The swift pass through of lower international oil prices to consumers and a positive base effect helped to contain inflation. Workers' remittances grew by 6.3% and increased to USD 9.7 billion. Sustained growth in remittances and realization of inflows from multilateral and bilateral sources improved forex reserves to USD 20.8 billion, up by 33% year on year basis. Strong reserves position prevented significant depreciation in the Rupee, which remained relatively firm despite weakening of the regional currencies. The comfort at external front also reflected in the stable balance of payment position. Although, an overvalued local currency affected export competitiveness, the reduced import bill on account of decline in commodity prices helped significantly to narrow the current account deficit to 0.8% of the GDP. On the fiscal front, introduction of additional tax measures translated in healthy revenue collection of Rs. 1.4 trillion, an improvement of 19% from the same period of previous year. This, together with reduction in energy subsidies, contributed towards controlling the budgetary deficit. Keeping in view the above factors, the central bank reduced the discount rate by 300 bps to 6.5%. On the other hand, concerns on the global economic slowdown and rising geopolitical risks weighed down on performance of the local equity market. Accordingly, the KSE 100 index exhibited below par performance and closed the year with a nominal return of 2.1%.

The agriculture sector continued to face challenges. The production of rabi crops were adversely affected from floods and pest outbreaks. Also, increase in input cost and lower prices of agri produce resulted in considerably low income for growers of most of the major crops. This affected the demand of consumer durables in rural areas.

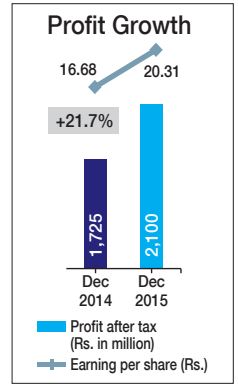
Large Scale Manufacturing (LSM) posted modest growth of 4.21%. Production in automobile, fertilizer and food & beverages sectors led to this improved performance. Further, expansion in construction activities, government spending schemes and improving energy supply at the back of recent LNG imports will provide opportunities for industrial growth.

Operating Results

The Company remains committed towards its objective of maximizing value creation. This is being achieved by concentrating business resources to enhance operating flexibility, optimizing cost structure, advancement of growth projects and strengthening its business foundation. As a result of these efforts, the Company registered revenue of Rs. 40.5 billion, which is 20.5% higher compared to that of the corresponding period. The improvement in sales translated in the increased gross profit of Rs. 4.1 billion, up by 21.1%. Strong contributions came from cost efficiencies, better sales mix, positive exchange rate impacts and other operational measures. Sales and marketing expenses rose to Rs. 1,089.5 million, a year on year increase of 12.7%, which is attributable to higher volumes and spending on promotional campaigns and communication activities to support the core business. Administrative expenses registered



an increase of 15.2% over the corresponding period primarily due to increase in personnel cost and effects of general inflation. Other operating income, net of financial cost, registered at Rs. 422.9 million, which is an encouraging 11.3% higher than the corresponding period on account of efficient treasury operations. An impressive topline allowed the Company to outperform its previous best efforts as the Company achieved a profit after tax of Rs. 2,100.1 million, an increase of 21.8%. Consequently, the Company has achieved Earnings per Share (EPS) of Rs. 20.31 per share as against Rs. 16.68 per share for the corresponding period last year.



Future Outlook

The improving macroeconomic fundamentals and favorable external developments project sustained growth prospects for the economy. Manageable trade deficit, healthy remittances and steady multilateral loan flows will add to the external stability. The ongoing implementation of China Pakistan Economic Corridor (CPEC) and improvement in domestic security situation will provide an opportunity to better integrate with regional markets. It will help boost exports & investments and also have a positive spillover effect on the domestic industrial growth. In order to avail maximum benefits from the current situation, ease in energy constraints, continued focus on structural reforms and efforts towards fiscal consolidation remains the key. On the other hand, the slowdown in agriculture sector continues to restrain overall GDP growth. Reduced agricultural income due to lower commodity prices prompted government to introduce the relief package for farmers. Such measures are also expected to boost the demand of two wheelers in the rural areas.

With a strong pipeline of growth projects, supported by high-performing management, and underpinned by a strong financial position, the Company is well positioned to grow the two-wheeler market as a whole together with its own share therein. The Company is focused on growth opportunities and is determined to significantly improve its operating results by adding value to its stakeholders' wealth. In this regard, the "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy.

خُدا رحمت کنند ایں عاشقانِ پاک طینت را

(God bless the blissful)

Acknowledgement

The Atlas Group takes great pride in its partnership with Honda Motor Company Limited and would like to acknowledge its 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: January 29, 2016
Karachi

Yusuf H. Shirazi

Condensed Interim Balance Sheet (Unaudited)

As at December 31, 2015

		(Unaudited) December 31, 2015	(Audited) March 31, 2015
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	4,932,532	4,982,552
Intangible assets		7,480	12,774
Long term investments	6	234,054	216,283
Long term loans and advances		28,126	27,198
Long term deposits		14,825	12,986
		<u>5,217,017</u>	<u>5,251,793</u>
Current assets			
Stores, spares and loose tools		470,577	421,339
Stock-in-trade		2,369,151	1,660,529
Trade debts		753,268	704,597
Loans and advances		36,692	41,235
Trade deposits and prepayments	7	119,589	59,568
Short term investments	8	5,284,305	4,119,696
Accrued mark-up / interest		28,335	10,857
Other receivables		3,940	3,674
Taxation - net		251,891	99,185
Bank balances		4,055,762	3,409,200
		<u>13,373,510</u>	<u>10,529,880</u>
		<u>18,590,527</u>	<u>15,781,673</u>
Equity and Liabilities			
Equity			
Authorized capital			
150,000,000 (March 31, 2015: 150,000,000) ordinary shares of Rs.10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid up capital			
103,406,613 (March 31, 2015: 103,406,613) ordinary shares of Rs.10 each		1,034,066	1,034,066
Reserves		9,063,734	8,204,479
		<u>10,097,800</u>	<u>9,238,545</u>
Liabilities			
Non current liabilities			
Compensated absences		213,228	195,145
Deferred taxation		515,029	578,249
		<u>728,257</u>	<u>773,394</u>
Current liabilities			
Trade and other payables	9	7,764,470	5,769,734
		<u>8,492,727</u>	<u>6,543,128</u>
Contingencies and commitments	10	<u>18,590,527</u>	<u>15,781,673</u>

The annexed notes 1 to 16 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 Nine Months Period Ended December 31, 2015

	Note	Quarter ended December 31,		Nine months period ended December 31,	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Sales - net		14,157,443	11,730,269	40,451,678	33,583,015
Cost of sales	11	(12,689,646)	(10,537,320)	(36,325,228)	(30,176,904)
Gross profit		1,467,797	1,192,949	4,126,450	3,406,111
Sales and marketing expenses		(383,747)	(327,770)	(1,089,505)	(967,061)
Administrative expenses		(119,391)	(104,577)	(359,372)	(311,975)
Other income		156,287	150,923	432,661	386,298
Other operating expenses		(87,784)	(63,077)	(232,553)	(178,972)
Profit from operations		1,033,162	848,448	2,877,681	2,334,401
Finance cost		(2,149)	(1,309)	(9,668)	(6,253)
Share of profit of an Associated Company - net of tax		1,031,013	847,139	2,868,013	2,328,148
		9,038	8,066	32,021	17,683
Profit before taxation		1,040,051	855,205	2,900,034	2,345,831
Taxation	12	(285,437)	(233,526)	(799,900)	(621,300)
Profit after taxation		754,614	621,679	2,100,134	1,724,531
Other comprehensive income		-	-	-	-
Total comprehensive income		754,614	621,679	2,100,134	1,724,531
----- (Rupees) -----					
Earnings per share					
- basic and diluted		7.30	6.01	20.31	16.68

The annexed notes 1 to 16 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 Nine Months Period Ended December 31, 2015

	Note	Nine months period ended December 31,	
		2015	2014
----(Rupees in '000)----			
Cash Flows from Operating Activities			
Cash generated from operations	12	4,447,402	2,043,628
Income tax paid		(1,015,825)	(608,123)
Contributions made to gratuity funds		(26,765)	(23,452)
Compensated absences paid		(11,271)	(6,015)
Mark-up / interest received		176,737	108,056
Workers' profit participation fund paid		(172,514)	(144,583)
Workers' welfare fund paid		(60,873)	(50,355)
Long term loans and advances - net		(928)	(889)
Long term deposits - net		(1,839)	(1,768)
Net cash generated from operating activities		3,334,124	1,316,499
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(580,036)	(993,014)
Proceeds from sale of property, plant and equipment		106,910	65,781
Purchase of intangible assets		(457)	-
Investments acquired		(10,288,689)	(3,733,470)
Proceeds from sale of investments		9,248,581	3,919,901
Dividend received		55,872	-
Net cash (used in) / generated from investing activities		(1,457,819)	(740,802)
Cash Flows from Financing Activities			
Dividend paid		(1,229,743)	(1,025,560)
Net increase / (decrease) in cash and cash equivalents		646,562	(449,863)
Cash and cash equivalents at beginning of the period		3,409,200	2,843,738
Cash and cash equivalents at end of the period		4,055,762	2,393,875

The annexed notes 1 to 16 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 Nine Months Period Ended December 31, 2015

(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, 2014 (Audited)	1,034,066	39,953	165	4,702,000	2,137,129	7,913,313
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Transaction 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 nine months period ended December 31, 2014						
Profit for the period	-	-	-	-	1,724,531	1,724,531
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,724,531	1,724,531
Balance as at December 31, 2014 (Unaudited)	1,034,066	39,953	165	5,332,000	2,197,594	8,603,778
Total comprehensive income for three months period ended March 31, 2015						
Profit for the period	-	-	-	-	626,360	626,360
Other comprehensive income	-	-	-	-	8,407	8,407
	-	-	-	-	634,767	634,767
Balance as at March 31, 2015 (Audited)	1,034,066	39,953	165	5,332,000	2,832,361	9,238,545
Transfer to general reserve	-	-	-	830,000	(830,000)	-
Transaction with owners, recognised directly in equity						
Final dividend for the year ended March 31, 2015 at the rate of Rs.12 per share	-	-	-	-	(1,240,879)	(1,240,879)
Total comprehensive income for the nine months period ended December 31, 2015						
Profit for the period	-	-	-	-	2,100,134	2,100,134
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,100,134	2,100,134
Balance as at December 31, 2015 (Unaudited)	1,034,066	39,953	165	6,162,000	2,861,616	10,097,800

The annexed notes 1 to 16 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 Nine Months Period Ended December 31, 2015

1. The Company and its Activities

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on the Pakistan Stock Exchange (Formerly Karachi and Lahore Stock Exchanges of Pakistan). 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. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2015.

3. Accounting Policies

The significant 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, 2015.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2015. These are considered not to be relevant or to have any significant effect on Company's financial reporting and operations and are, therefore, not disclosed in the 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. 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 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 of the Company for the year ended March 31, 2015.

	(Unaudited) December 31, 2015	(Audited) March 31, 2015
Note	-----	-----
	----- (Rupees in '000) -----	

5. Property, Plant and Equipment

Operating fixed assets	5.1	4,691,640	4,752,195
Capital work-in-progress		240,892	230,357
		<u>4,932,532</u>	<u>4,982,552</u>

	(Unaudited) December 31, 2015	(Audited) March 31, 2015
Note	------(Rupees in '000)-----	
5.1 Operating fixed assets		
Book value at beginning of the period / year	4,752,195	4,406,665
Additions during the period / year	5.2 569,501	1,081,402
Disposals and written-off costing Rs. 390,671 thousand (March 31, 2015: Rs. 332,852 thousand)		
- at book value	(121,784)	(87,075)
Depreciation charge for the period / year	(508,272)	(648,797)
Book value at end of the period / year	<u>4,691,640</u>	<u>4,752,195</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	64,214	136,473
Buildings on leasehold land	1,627	30,224
Plant and machinery	295,111	625,858
Dies and jigs	93,166	162,786
Factory equipment	14,855	13,286
Office equipment	2,532	1,115
Computers and accessories	23,919	4,756
Furniture and fixtures	3,707	21,687
Electric and gas fittings	7,205	12,930
Vehicles	63,165	72,287
	<u>569,501</u>	<u>1,081,402</u>
6. Long Term Investments - Unquoted		
Associated Company - equity basis		
Atlas Hitec (Private) Limited		
19,000,000 (March 31, 2015:19,000,000) ordinary shares of Rs.10 each - cost	190,000	190,000
Equity held: 29.23% (March 31, 2015:29.23%)		
Add: Share of post acquisition profit - net of tax	58,304	26,283
Less : Dividend received during the period	14,250	-
	<u>234,054</u>	<u>216,283</u>
Others - available for sale		
Arabian Sea Country Club Limited		
200,000 (March 31, 2015: 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 (March 31, 2015: 50,000) ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	<u>234,054</u>	<u>216,283</u>

6.1 The value of investment is based on unaudited condensed interim financial information of the investee company as at December 31, 2015.

7. Trade Deposits and Prepayments

Include prepayments of Rs.113,966 thousand (March 31, 2015: Rs.55,064 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

(Unaudited) December 31, 2015	(Audited) March 31, 2015
------(Rupees in '000)-----	

8. Short Term Investments

- at fair value through profit or loss

Investments in units of mutual funds:

- Related parties	4,564,589	3,426,211
- Others	719,716	693,485
	5,284,305	4,119,696

9. Trade and Other Payables

Creditors	2,325,586	2,185,464
Accrued liabilities	1,482,734	1,200,383
Royalty payable	644,375	567,264
Warranty obligations	47,400	35,402
Advances from customers	2,845,616	1,229,212
Retention money	13,557	14,343
Sales tax payable - net	13,833	149,405
Workers' profit participation fund	156,629	172,514
Workers' welfare fund	68,642	69,995
Payable to staff retirement benefit funds - gratuity	41,675	50,718
Sind government infrastructure fee	57,609	37,899
Unclaimed dividend	48,775	37,639
Others	18,039	19,496
	7,764,470	5,769,734

10. Contingencies and Commitments

10.1 Contingencies

10.1.1 There is no change in status of the contingencies as disclosed in note 24.1.1 of the audited annual financial statements of the Company for the year ended March 31, 2015.

(Unaudited) December 31, 2015	(Audited) March 31, 2015
------(Rupees in '000)-----	

10.1.2 Guarantees issued by banks on behalf of the Company	1,083,408	172,868
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10.2 Commitments

10.2.1 Commitments in respect of:

- capital expenditure, raw materials and components through confirmed letters of credit	809,276	927,092
- capital expenditure other than letters of credit	402,848	42,257

10.2.2 Aggregate commitments for ijarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:

	(Unaudited) December 31, 2015	(Audited) March 31, 2015
	------(Rupees in '000)-----	
Not later than 1 year	29,553	24,425
Over 1 year and not later than 5 years	51,632	20,924
	81,185	45,349
	81,185	45,349

	(Unaudited)			
	Quarter ended December 31,		Nine months period ended December 31,	
	2015	2014	2015	2014
Note	------(Rupees in '000)-----			

11. Cost of Sales

Opening stock of finished goods	313,752	367,341	311,219	311,075
Cost of goods manufactured	12,084,880	9,777,593	33,961,073	28,064,254
Purchases	809,078	704,139	2,571,000	2,113,328
	12,893,958	10,481,732	36,532,073	30,177,582
	13,207,710	10,849,073	36,843,292	30,488,657
Closing stock of finished goods	(518,064)	(311,753)	(518,064)	(311,753)
	12,689,646	10,537,320	36,325,228	30,176,904

11.1 Cost of goods manufactured

Opening stock of work-in-process	42,861	40,839	25,131	4,549
Raw materials and components consumed	10,248,997	8,218,323	28,738,533	23,434,878
Factory overheads	1,840,582	1,582,700	5,244,969	4,689,096
	12,089,579	9,801,023	33,983,502	28,123,974
	12,132,440	9,841,862	34,008,633	28,128,523
Closing stock of work-in-process	(47,560)	(64,269)	(47,560)	(64,269)
	12,084,880	9,777,593	33,961,073	28,064,254

(Unaudited)
Nine months period ended
December 31,

2015 2014
----- (Rupees in '000) -----

12. Cash Generated from Operations

Profit before taxation	2,900,034	2,345,831
Adjustments for non-cash charges and other items:		
Depreciation	508,272	481,747
Amortization of intangible assets	5,751	3,343
Provision for compensated absences	29,354	22,500
Provision for gratuity	17,722	20,017
Mark-up / interest on savings accounts and term deposit receipts	(194,215)	(116,690)
Gain on sale of investments	(72,224)	(59,692)
Net change in fair value of investments at fair value through profit or loss	(52,277)	(172,225)
Dividend income	(41,622)	-
Gain on disposal of non current assets classified as held for sale	-	(18,541)
Workers' profit participation fund	156,629	125,838
Workers' welfare fund	59,519	47,819
Loss on disposal of operating fixed assets	14,874	3,786
Share of profit of an Associated Company	(32,021)	(17,683)
Changes in working capital	12.1 1,147,606	(622,422)
	<u>4,447,402</u>	<u>2,043,628</u>

12.1 Changes in working capital

(Increase) / decrease in current assets:

- Stores, spares and loose tools	(49,238)	(28,372)
- Stock-in-trade	(708,622)	(389,283)
- Trade debts	(48,671)	(267,307)
- Loans and advances	4,543	(3,361)
- Trade deposits and prepayments	(60,021)	(72,916)
- Other receivables	(266)	(8,930)
	(862,275)	(770,169)
Increase in trade and other payables	2,009,881	147,747
	<u>1,147,606</u>	<u>(622,422)</u>

13. 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 statements for the year ended March 31, 2015.

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

14. Transactions with Related Parties

14.1 Significant transactions with related parties are as follows:

	(Unaudited) Nine months period ended December 31,	
	2015	2014
	----- (Rupees in '000) -----	
Associated companies		
Sales of:		
- goods and services	435,522	583,814
- operating fixed assets	99,010	26,224
- non current assets classified as held for sale	-	190,000
Purchases of:		
- goods and services	9,508,669	6,369,238
- operating fixed assets	32,644	28,203
Sale of units in mutual funds	8,017,623	3,265,343
Purchase of units in mutual funds	8,992,430	3,079,971
Investments made	-	190,000
Royalty	1,768,828	1,514,092
Export commission	2,577	3,027
Technical assistance fee	15,237	6,738
Commission income	2,874	2,324
Rent	90,907	79,221
Insurance premium paid	185,452	182,232
Insurance claims received	16,567	6,805
Reimbursement of expenses - net	1,908	2,417
Dividend paid	1,120,137	933,447
Dividend received	55,872	-
Donation paid	32,436	26,894
Other related parties		
Contributions paid to gratuity funds, provident fund / pension schemes	66,091	60,423
Salaries and other employment benefits	77,609	81,263

	(Unaudited) December 31, 2015	(Audited) March 31, 2015
	----- (Rupees in '000) -----	

14.2 Period / year end balances are as follows:

Receivables from related parties		
Property, plant and equipment	1,652	13,016
Trade debts	66,179	-
Payables to related parties		
Trade and other payables	890,671	589,953

These are in the normal course of business and are settled in ordinary course of business.

15. 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, 2015 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 nine months period ended December, 31, 2014.

16. Date of Authorization for Issue

This condensed interim financial information was authorized for issue on January 29, 2016 by the Board of Directors of the Company.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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