Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hiromitsu Takasaki
Director

Jawaid Iqbal Ahmed
Director

Sanaullah Qureshi
Director

Tochi Ishiyama
Director

Yasutaka Uda
Director

Saquib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Management

Saquib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yasutaka Uda
Vice President Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Mushtaq Alam
General Manager Information Technology

Khawaja Shujauddin
General Manager Commercial & Planning

Shakil Mirza
General Manager Supply Chain

Muhammad Qadeer Khan
General Manager Quality Assurance

Hiromitsu Takasaki
General Manager Technical

Mujahid-ul-Mulk Butt
General Manager Sales

Tauqeer Rana
General Manager After Sales

Faisal Iqbal
General Manager Human Resources & Administration

Akmal Dar
General Manager Production, Planning & Control

Muhammad Noman Khan
General Manager Engineering & Projects

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</tr>
</tbody>
</table>
Company Information

Auditors
Shinewing 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: (02-42) 37235081-82
Fax: (02-42) 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: (02-42) 37225015-17, 3723515-17
Fax: (02-42) 3723518, 37351119
E-mail: ahi@atlas.com.pk
Website: www.atlas本田.com.pk

Factories
F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel: (02-21) 32575561-65
Fax: (02-21) 32583758

26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel: (02-56) 3406501-8
Fax: (02-56) 3406009

Branch Offices & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (02-61) 4540054, 4571989, 4540028
Fax: (02-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel: (02-51) 5120494-6, 5120502
Fax: (02-51) 5120497

House # 7, Atta Road,
near Govt. Girls College, Rahimyar Khan
Tel: (02-68) 5888809, 5883419, 5883417

391, Block D, Latifabad Unit # 6, Hyderabad
Tel: (02-22) 3864983-4
Fax: (02-22) 3864983

1st Floor, Meezan Executive Tower,
4 - Liaquat Road, Faisalabad
Tel: (02-41) 2541011-7, 2541014

Show Room
• West View Building, Preedy Street, Saddar,
Karachi
Tel: (02-21) 32720833, 32727607

• 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, 2016.

The Economy

The economy is on a sustainable growth path with most of the indicators showing a positive trend. The GDP is projected to grow at 5.2% for the fiscal year 2016-17, compared to 4.7% of last year. The improved outlook is derived from the cumulative impact of the Government’s economic and structural reforms programs, sustained lower oil prices and the gradually improving law and order situation. The foreign exchange reserves stood at the highest ever level of USD 23.3 billion. The strong reserves position averted a significant depreciation in the Rupee, which remained relatively firm despite weakening of regional currencies. Inflation remained under control at 3.9% due to stagnant oil prices and steady exchange rate. Acknowledging the improving macros, the SBP has maintained a status quo on the policy rate since May 16 and maintained it at a 40 year low level. Tax revenues increased to Rs. 1.46 trillion against Rs. 1.37 trillion of last year. The improved economic indicators, together with PSX’s divestment to a Chinese consortium, kept the momentum going in the capital markets. Resultantly, the PSX 100 index reached an all-time high of 47,807 points. On the other hand, the current account deficit stood at USD 2.6 billion, up by 91%. This was on account of an unfavorable trade balance, slowdown in workers’ remittances and reduced foreign direct investment. Imports have declined by 3.8% year on year to USD 9.9 billion. Imports on the other hand have been on an uptrend and increased by 10.1% to USD 24.4 billion. Exports have slowed down as global demand remains weak while non-oil imports such as machinery have been increasing.

The agriculture sector continues to improve. Better water flow and subsidy on fertilizers has contributed to robust growth and better yields of the Kharif crops. Also, stable crop prices and expected better results from the Rabi crop have contributed positively in improving the future prospects of this sector. Other components of agriculture like livestock, fishing and forestry are also showing progressive growth. Resultantly, the demand for consumer durables has started picking up pace in the rural areas.

Large Scale Manufacturing (LSM) exhibited signs of continued progress and posted growth of 3.4% during 5MFY17. Steel, cement, pharmaceutical and automobile sector were major contributors. The motorcycle industry also showed strong growth and touched the ever highest level of production.

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, execution of growth projects and strengthening its business foundation. As a result of these efforts, the Company registered revenue of Rs. 46.9 billion, which is 16% higher compared to that of the corresponding period. The improvement in sales translated in increased gross profit of Rs. 4.9 billion, up by 19%. Strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 1.2 billion, a year on year increase of 7% which is attributable to higher volumes and spending on promotional campaigns to
support the core business. Administrative expenses registered an increase of 15% 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. 588.6 million, which is an encouraging 39.2% 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 profit after tax of Rs. 2.7 billion an increase of 29.1%. Consequently, the Company has achieved Earnings per Share of Rs. 26.22 per share as against Rs. 20.31 per share for the corresponding period last year.

The continuous improvement in macro-economic indicators has set the foundation of higher and sustained economic growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. The country is undergoing an economic transformation through CPEC which if concluded satisfactorily will debottleneck Pakistan’s basic infrastructure needs. Overall, this will have a positive spillover effect on domestic industrial growth.

However, the risk emanating from the current economic global turbulence will have to be closely watched. Also, recent announcement by OPEC regarding reduction in oil production may increase cost of import bills with possible hike in inflation. On the other hand, bright agricultural prospects and timely supportive measures by Government are expected to bring positive results to the economy. The combined effect is expected to sustain the demand of the two wheeler segment.

With the timely completion of the second production line at the Sheikhupura plant, production capacity has increased from 0.75 million to 1.35 million units annually. The Company is optimistic in using the enhanced capacity to grow and hopes to strengthen its operating results further through the expected volume benefits.

Acknowledgement

The Atlas Group takes great pride in its joint venture 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. Saqibo H. Shariati - 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 30, 2017
Karachi

Yusuf H. Shariati
Condensed Interim Balance Sheet (Unaudited)
As at December 31, 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>(Unaudited) December 31, 2016</th>
<th>(Audited) March 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Rupees in '000)</td>
<td></td>
</tr>
</tbody>
</table>

**ASSETS**

- Non-current Assets
  - Property, plant and equipment 5 6,959,686 5,817,700
  - Intangible assets 6 279 5,379
  - Long term investments 6 268,464 245,508
  - Long term loans and advances 7 27,322 26,027
  - Long term deposits 7 15,425 14,937
  - 7,271,175 6,111,551

- Current assets
  - Stores, spares and loose tools 5 520,441 489,415
  - Stock-in-trade 6 2,264,053 1,863,462
  - Trade debts 6 640,968 608,420
  - Loans and advances 7 39,001 35,877
  - Trade deposits and prepayments 8 178,799 64,770
  - Short term investments 8 5,991,845 5,876,554
  - Accrued mark-up / interest 6 32,461 16,842
  - Other receivables 7 1,655 4,910
  - Taxation - net 8 503,001 542,121
  - Bank balances 9 5,894,026 4,756,020
  - 16,106,252 14,257,411

- 23,377,427 20,368,962

**EQUITY AND LIABILITIES**

- Share capital and reserves
  - Authorized capital 150,000,000 (March 31, 2016: 150,000,000) ordinary shares of Rs.10 each 1,500,000 1,500,000

- Issued, subscribed and paid up capital 103,406,613 (March 31, 2016: 103,406,613) ordinary shares of Rs.10 each 1,034,066 1,034,066
  - Reserves 11,179,993 9,968,057
  - 12,214,059 11,002,123

- Liabilities
  - Non current liabilities
    - Compensated absences 221,664 214,620
    - Deferred taxation 524,748 566,749
    - 746,412 781,369

  - Current liabilities
    - Trade and other payables 9 10,416,956 8,585,470
    - 11,163,366 9,366,839

  - 23,377,427 20,368,962

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Yusuf H. Shirazi
Chairman

Saqib H. Shirazi
Chief Executive Officer

Quarterly Report December 31, 2016
### Condensed Interim Profit and Loss Account (Unaudited)

**For the Nine Months Period Ended December 31, 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>Quarter ended December 31, 2016</th>
<th>Nine months period ended December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Sales - net</td>
<td>17,236,588</td>
<td>14,157,443</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>11</td>
<td>(15,436,642)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>1,799,946</td>
<td>1,467,797</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(406,678)</td>
<td>(383,747)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(139,525)</td>
<td>(119,391)</td>
</tr>
<tr>
<td>Other income</td>
<td>212,116</td>
<td>156,287</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(109,500)</td>
<td>(87,784)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>1,354,359</td>
<td>1,033,162</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(3,861)</td>
<td>(2,149)</td>
</tr>
<tr>
<td>Share of profit of an Associated Company - net of tax</td>
<td>9,999</td>
<td>9,038</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1,360,497</td>
<td>1,040,051</td>
</tr>
<tr>
<td>Taxation</td>
<td>(359,923)</td>
<td>(285,437)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>1,000,574</td>
<td>754,614</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>1,000,574</td>
<td>754,614</td>
</tr>
</tbody>
</table>

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**Earnings per share**  
- basic and diluted  
  | 9.68 | 7.30 | 26.22 | 20.31

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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

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### Condensed Interim Cash Flow Statement (Unaudited)

**For the Nine Months Period Ended December 31, 2016**

<table>
<thead>
<tr>
<th>Note</th>
<th>Nine months period ended December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>12</td>
</tr>
<tr>
<td>Income tax paid</td>
<td></td>
</tr>
<tr>
<td>Contributions made to gratuity funds</td>
<td></td>
</tr>
<tr>
<td>Compensated absences paid</td>
<td></td>
</tr>
<tr>
<td>Mark-up / interest received</td>
<td></td>
</tr>
<tr>
<td>Workers’ profit participation fund paid</td>
<td></td>
</tr>
<tr>
<td>Workers’ welfare fund paid</td>
<td></td>
</tr>
<tr>
<td>Long term loans and advances - net</td>
<td></td>
</tr>
<tr>
<td>Long term deposits - net</td>
<td></td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td></td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(1,785,084)</td>
<td>(580,036)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>37,252</td>
<td>106,910</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>-</td>
<td>(457)</td>
</tr>
<tr>
<td>Investments acquired</td>
<td>(3,000,000)</td>
<td>(10,288,689)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>4,056,808</td>
<td>9,248,581</td>
</tr>
<tr>
<td>Dividend received</td>
<td>215,669</td>
<td>55,872</td>
</tr>
<tr>
<td>Net cash (used in) / generated from investing activities</td>
<td>(1,276,555)</td>
<td>(1,457,819)</td>
</tr>
</tbody>
</table>

**CASH USED IN FINANCING ACTIVITY**

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend paid</td>
<td>(1,499,396)</td>
<td>(1,229,743)</td>
</tr>
<tr>
<td>Net increase / (decrease) in cash and cash equivalents</td>
<td>1,179,008</td>
<td>646,562</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>4,755,020</td>
<td>3,409,200</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>5,934,028</td>
<td>4,055,782</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.
### Condensed Interim Statement of Changes in Equity (Unaudited)
For the Nine Months Period Ended December 31, 2016

<table>
<thead>
<tr>
<th>(Rupees in '000)</th>
<th>Issued, subscribed and paid up capital</th>
<th>Capital Reserves</th>
<th>Revenue Reserves</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share Premium</td>
<td>Gain on Sale of Land</td>
<td>General Reserve</td>
<td>Unappropriated Profit</td>
</tr>
<tr>
<td>Balance as at April 1, 2015 (Audited)</td>
<td>1,034,068</td>
<td>39,963</td>
<td>165</td>
<td>5,332,000</td>
</tr>
<tr>
<td>Transfer to general reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>830,000</td>
</tr>
<tr>
<td>Transaction with owners, recognised directly in equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the nine months period ended December 31, 2015</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,100,134</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>901,885</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,638</td>
</tr>
<tr>
<td>Balance as at December 31, 2015 (Unaudited)</td>
<td>1,034,068</td>
<td>39,963</td>
<td>165</td>
<td>6,162,000</td>
</tr>
<tr>
<td>Total comprehensive income for three months period ended March 31, 2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>904,323</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,711,332</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at March 31, 2016 (Audited)</td>
<td>1,034,068</td>
<td>39,963</td>
<td>165</td>
<td>6,162,000</td>
</tr>
<tr>
<td>Transfer to general reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>830,000</td>
</tr>
<tr>
<td>Transaction with owners, recognised directly in equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income for the nine months period ended December 31, 2016</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,711,332</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,711,332</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at December 31, 2016 (Unaudited)</td>
<td>1,034,068</td>
<td>39,963</td>
<td>165</td>
<td>6,902,000</td>
</tr>
</tbody>
</table>

Note to condensed interim financial information:

**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. 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 should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2016.

**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, 2016.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2016. These are considered not to be relevant or to have any significant effect on the 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 judgment 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 expectations 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, 2016.

**5. PROPERTY, PLANT AND EQUIPMENT**

<table>
<thead>
<tr>
<th>Operating fixed assets</th>
<th>Capital work-in-progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>6,696,486</td>
<td>263,200</td>
</tr>
<tr>
<td>5,305,997</td>
<td>511,703</td>
</tr>
<tr>
<td>6,959,686</td>
<td>5,817,700</td>
</tr>
</tbody>
</table>

---

Yusuf H. Shirazi  
Chairman  
Saquib H. Shirazi  
Chief Executive Officer

---

Atlas Honda Limited
5.1 Operating fixed assets

<table>
<thead>
<tr>
<th>Description</th>
<th>(Unaudited)</th>
<th>(Audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book value at beginning of the period / year</td>
<td>5,305,997</td>
<td>4,752,195</td>
</tr>
<tr>
<td>Additions during the period / year</td>
<td>2,033,588</td>
<td>1,369,078</td>
</tr>
<tr>
<td>Disposals and written-off costing Rs.358,895 thousand (March 31, 2016: Rs.487,755 thousand) at book value</td>
<td>(61,480)</td>
<td>(129,481)</td>
</tr>
<tr>
<td>Depreciation charge for the period / year</td>
<td>(881,619)</td>
<td>(895,795)</td>
</tr>
<tr>
<td>Book value at end of the period / year</td>
<td>6,966,468</td>
<td>5,305,997</td>
</tr>
</tbody>
</table>

5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:

- Freehold land: - 219,970
- Buildings on freehold land: 425,500
- Buildings on leasehold land: - 1,627
- Plant and machinery: 1,272,683
- Dies and jigs: 150,763
- Factory equipment: 30,551
- Office equipment: 2,254
- Computers and accessories: 9,846
- Furniture and fixtures: 22,630
- Electric and gas fittings: 2,015
- Vehicles: 117,346

Total: 2,033,588

6. LONG TERM INVESTMENTS

6.1 Equity accounted investment - Atlas Hitec (Private) Limited

- Balance at beginning of the period / year: 245,508
- Add: Share of post acquisition profit - net of tax: 37,206
- Add: Dividend received during the period: 14,250
- Balance at end of the period / year: 268,464

6.2 The value of investment is based on unaudited condensed interim financial information of the investee company as at December 31, 2016.

6.3 Others - available for sale

- Arabian Sea Country Club Limited: 200,000 (March 31, 2016: 200,000) ordinary shares of Rs.10 each - cost: 2,000
- Less: Impairment in the value of investment: -

7. TRADE DEPOSITS AND PREPAYMENTS

Include prepayments of Rs.145,409 thousand (March 31, 2016: Rs.59,370 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

8. SHORT TERM INVESTMENTS

- at fair value through profit or loss

Investments in units of mutual funds:
- Related parties: 5,227,357
- Others: 784,488

Total: 5,991,845

9. TRADE AND OTHER PAYABLES

- Creditors: 2,817,234
- Accrued liabilities: 1,975,984
- Royalty payable: 788,441
- Warranty obligations: 48,469
- Advances from customers: 1,046,812
- Retention money: 3,178
- Sales tax payable - net: 185,341
- Workers’ profit participation fund: 197,498
- Workers’ welfare fund: 83,901
- Payable to staff retirement benefit funds - gratuity: 35,962
- Sindic government infrastructure fee: 109,810
- Unclaimed dividend: 44,620
- Others: 19,576

Total: 10,416,956

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, 2016.

10.1.2 Guarantees issued by banks on behalf of the Company: 1,977,945
10.2 Commitments

10.2.1 Commitments in respect of:
- capital expenditure, raw materials and components
  through confirmed letters of credit
  (Unaudited)  (Audited)
  December 31, March 31,
  2016 2016
  -------------(Rupees in '000)-
  675,163 1,209,965
- capital expenditure other than letters of credit
  93,634 239,842

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

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

Not later than 1 year
23,770 26,574
Over 1 year and not later than 5 years
41,298 46,489
65,068 73,063

11. COST OF SALES

Opening stock of finished goods 406,502 313,752 391,372 311,219
Cost of goods manufactured 13,488,366 10,048,880 38,352,546 33,961,073

11.1 Cost of goods manufactured

Purchases 1,972,615 809,078 3,646,678 2,571,000
15,440,981 12,893,958 41,999,224 36,532,073
15,850,483 13,207,710 42,390,596 36,843,292
Closing stock of finished goods (413,841) (518,064) (413,841) (518,064)
15,436,642 12,689,646 41,976,755 36,325,226

12. CASH GENERATED FROM OPERATIONS

Profit before taxation
3,677,232 2,900,034

Adjustments for non-cash charges and other items:
Depreciation 581,619 508,272
Amortization of intangible assets 5,101 5,751
Provision for compensated absences 15,611 29,354
Provision for gratuity 17,623 17,722
Mark-up / interest on savings accounts and term
  deposit receipts (216,907) (194,215)
Gain on sale of investments (262,904) (72,224)
Net change in fair value of investments at fair value
  through profit or loss (107,996) (52,277)
Dividend income (201,419) (41,622)
Gain on disposal of non current assets classified
  as held for sale - -
Workers’ profit participation fund 270,269 156,629
Workers’ welfare fund 75,049 59,519
Loss on disposal of operating fixed assets 24,228 14,874
Share of profit of an Associated Company (37,206) (32,021)
Changes in working capital 12.1 1,277,125 1,147,606

5,117,425 4,447,402

12.1 Changes in working capital

Increase in trade and other payables 1,855,168 2,009,881

1,277,125 1,147,606

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, 2016.

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:

<table>
<thead>
<tr>
<th>Associated companies</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- goods and services</td>
<td>619,197</td>
<td>435,522</td>
</tr>
<tr>
<td>- operating fixed assets</td>
<td>15,111</td>
<td>99,010</td>
</tr>
<tr>
<td>Purchases of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- goods and services</td>
<td>13,318,498</td>
<td>9,508,669</td>
</tr>
<tr>
<td>- operating fixed assets</td>
<td>82,105</td>
<td>32,644</td>
</tr>
<tr>
<td>Sale of units in mutual funds</td>
<td>4,185,622</td>
<td>8,017,823</td>
</tr>
<tr>
<td>Purchase of units in mutual funds</td>
<td>3,945,587</td>
<td>8,992,430</td>
</tr>
<tr>
<td>Royalty</td>
<td>2,161,199</td>
<td>1,768,828</td>
</tr>
<tr>
<td>Export commission</td>
<td>2,646</td>
<td>2,577</td>
</tr>
<tr>
<td>Technical assistance fee</td>
<td>7,709</td>
<td>15,237</td>
</tr>
<tr>
<td>Commission income</td>
<td>1,463</td>
<td>2,874</td>
</tr>
<tr>
<td>Rent</td>
<td>105,399</td>
<td>90,907</td>
</tr>
<tr>
<td>Insurance premium paid</td>
<td>202,807</td>
<td>185,452</td>
</tr>
<tr>
<td>Insurance claims received</td>
<td>2,211</td>
<td>16,567</td>
</tr>
<tr>
<td>Reimbursement of expenses - net</td>
<td>2,288</td>
<td>1,908</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>1,353,499</td>
<td>1,120,137</td>
</tr>
<tr>
<td>Dividend received</td>
<td>215,669</td>
<td>55,872</td>
</tr>
<tr>
<td>Donation paid</td>
<td>40,444</td>
<td>32,436</td>
</tr>
</tbody>
</table>

Other related parties

| Contributions paid to gratuity funds, provident fund / pension schemes | 64,378 | 66,091 |
| Salaries and other employment benefits | 97,975 | 77,609 |

14.2 Period / year end balances are as follows:

| Receivables from related parties | 2016       | 2016       |
| Property, plant and equipment    | 667        | 1,652      |
| Trade debts                      | -          | 66,179     |

| Payables to related parties      | 2016       | 2016       |
| Trade and other payables        | 86,709     | 890,671    |

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, 2016 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, 2015.

16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 30, 2017 by the Board of Directors of the Company.

Yusuf H. Shirazi
Chairman

Saqib H. Shirazi
Chief Executive Officer