



Half Yearly Report
September 30, 2012



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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Hisao Kobayashi
Director

Koji Takamatsu
Director

Nurul Hoda
Director

Sanallah Qureshi
Director

Tariq Amin
Director

Shigeki Takane
Director

Saquiab H. Shirazi
Chief Executive Officer

Syed Tanvir Hyder
Company Secretary

Audit Committee

Sanallah Qureshi
Chairman

Tariq Amin
Member

Nurul Hoda
Member

Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

Human Resource & Remuneration Committee

Sanallah Qureshi
Chairman

Tariq Amin
Member

Saquiab H. Shirazi
Member

Razi Ur Rehman
Secretary

Management Committee

Saquiab H. Shirazi
Chief Executive Officer

Suhail Ahmed
VP Marketing & Chief Financial Officer

Hisao Kobayashi
Vice President Technical

Muhammad Khalid Aziz
General Manager Plants

Sultan Ahmed
General Manager Quality Assurance

Koji Takamatsu
General Manager Research & Development

Mushtaq Alam
General Manager Information Technology

Javed Afghani
General Manager Marketing

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

Khawaja Shujaiddin
General Manager Planning & Commercial

Shakil Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research,
Development & 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
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB 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

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

4B, Zamindara Colony, Rahim Yar Khan
Tel: (92-68) 5888809

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

Show Room

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

Spare Parts Division

D-181/A, S.I.T.E., Karachi-75730
Tel: (92-21) 32576690

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

Chairman's Review

It is my pleasure to present the unaudited condensed interim financial information of the Company for the half year ended September 30, 2012, duly reviewed by the statutory auditors of the Company.

The Economy

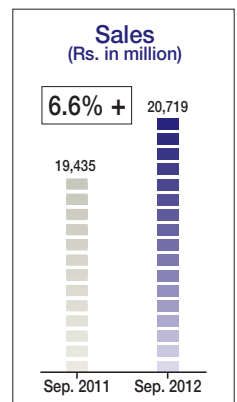
The current fiscal year started with positive economic indicators. There has been sharp deceleration in the CPI which is 9.14% against 11.47% during FY12. The State Bank of Pakistan has reduced the discount rate by 200bps from August 2012. The workers' foreign remittances at US\$ 3.6 billion for the 3MFY 2012-13 and disbursement of US\$ 1.2 billion from Coalition Support Fund (CSF) injected cash flow in the economy. Consequently, foreign exchange reserves were US\$ 14.9 billion at the end of September'12. However, the lax policy remains a source of concern as fiscal deficit is likely to exceed 4.7% of GDP. The adverse law and order situation in the country has affected foreign investment which has fallen to US\$ 183.2 million, a year on year decrease of 15%. Accordingly, the deficit was primarily financed through local sources. It resulted in crowding out of private sector's access to credit. Further, the current account needs support in the coming months due to increasing import bill and continuous debt servicing. All these factors have put pressure on the Pak Rupee, resulting in a 4.6% decline against US Dollar since April 2012.

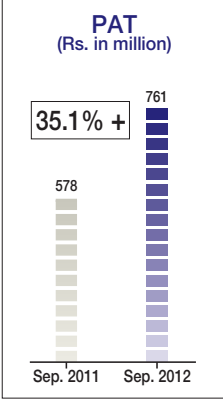
The agriculture sector showed resilience against floods in Southern Pakistan and recorded a growth of 3.1%. The strength of this sector is reaffirmed by availability of essential items in the markets, as well as the fact that the country became a net exporter of essential commodities. However, the wheat crop, which was expected to generate significant cash flows, fell short of the production target. This has also affected the demand of two wheelers in rural areas.

Large Scale Manufacturing (LSM) index displayed a meager growth of less than 1% in 2 MFY 2012-13. The major hurdle in LSM growth remains the ongoing energy crisis. This has resulted in under utilization of installed capacities and forced businesses to revert to expensive alternate energy sources.

Operating Results

The Company continued to show sustained performance which is the result of focused strategy - delivering stable sales growth and a better bottom line. The sales for the half year ended September 30, 2012 amounted to Rs. 20.7 billion, an increase of 6.6% from corresponding period. Gross margin as a percentage of sales improved to 8.67% from 7.01%. This improvement in margin is attributable to continued rationalization of sales mix, cost cutting and other improvement measures. Distribution and marketing expenses rose to Rs. 604.6 million, a year on year increase of 31.2%. The increase is due to higher spending on promotion and communication activities to support the core business and launch of new products. Administrative expenses increased by 9.2% over





the corresponding period due to increase in personnel cost and inflation. Other operating income net of finance cost is registered at Rs. 157.9 million, which is an encouraging 7.5% higher than the corresponding period. The aforementioned factors enabled the Company to register highest ever net profit before tax of Rs. 1,066.3 million.

Accordingly, net profit after tax for the period increased to Rs. 780.6 million from Rs. 577.7, up by 35.1% over the corresponding period. Healthy profit figures have improved Earnings per share (EPS) for the half year ended, September 30, 2012 to Rs. 9.44 per share, in comparison to Rs. 6.98 per share (restated) of the corresponding period.

Future Outlook

The macroeconomic outlook remains challenging on account of stressed fiscal position and vulnerability associated with balance of payments. Meanwhile, the sensitive security situation and persistent energy shortages are likely to constrain economic recovery prospects. Decisive and far-sighted actions are needed to address this challenging outlook. The energy crisis requires remedial actions to bring positive implications for the manufacturing sector. Agriculture holds the key to economic revival. Support price and subsidies to farmers will create liquidity in the rural areas. This will also benefit the two wheeler industry.

With its enhanced capacity, newly developed models, management skills and market leadership, the Company will combat current economic challenges and continue to demonstrate sustainable growth. In this regard, the "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy.

ہ ملت سے رابطہ استوار رکھو
(We have dedicated to societal values)

Acknowledgement

The Company would like to acknowledge the continued support from Honda Motor Company Limited, Japan in maintaining high standards of excellence. On behalf of the Board, I would also like to acknowledge the contributions made by Mr. Sherali Mundrawala who resigned from the Board during the period and welcome Mr. Tariq Amin who has replaced the outgoing director. I also thank our valued customers for the confidence they continue to place in us, the associates for their sincere efforts, the Board of Directors for its guidance, Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors and Shareholders for helping to build Atlas Honda Limited a unique company.

Yusuf H. Shirazi

Dated: November 29, 2012
Karachi



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 (the Company) as at September 30, 2012 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2012.

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, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: November 29, 2012
Engagement partner: Muhammad Ali


HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

LAHORE:

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URL : www.hccpk.com

KARACHI:

Karachi Chambers, Hasrat Mohani Road.
Tel : 32411474, 32412754
Fax : 021-32424835 E-mail : khi@hccpk.com
URL : www.hccpk.com



Condensed Interim Balance Sheet

As at September 30, 2012

| | Note | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|--|------|--|--------------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 4,654,261 | 3,941,610 |
| Intangible assets | | 5,282 | 6,419 |
| Long-term investments - available for sale | | - | - |
| Long-term loans and advances | | 23,963 | 20,420 |
| Long-term deposits | | 18,743 | 15,728 |
| | | <u>4,702,249</u> | <u>3,984,177</u> |
| Current Assets | | | |
| Stores, spares and loose tools | | 372,822 | 348,639 |
| Stock-in-trade | | 2,219,516 | 2,161,328 |
| Trade debts | | 617,608 | 598,265 |
| Loans and advances | | 35,767 | 33,152 |
| Trade deposits and prepayments | 6 | 131,777 | 44,832 |
| Short-term investments | 7 | 1,572,768 | 1,460,580 |
| Accrued mark-up / interest | | 7,882 | 4,348 |
| Other receivables | | 19,441 | 15,338 |
| Taxation - net | | 230,399 | 160,604 |
| Bank balances | | 2,096,507 | 2,149,154 |
| | | <u>7,304,487</u> | <u>6,976,240</u> |
| | | <u>12,006,736</u> | <u>10,960,417</u> |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 8 | 827,253 | 719,350 |
| Reserves | | 4,905,752 | 4,700,584 |
| | | <u>5,733,005</u> | <u>5,419,934</u> |
| Non-Current Liabilities | | | |
| Deferred liabilities | | 817,448 | 730,315 |
| Current Liabilities | | | |
| Trade and other payables | 9 | 5,456,283 | 4,810,168 |
| Contingencies and Commitments | | | |
| | 10 | <u>12,006,736</u> | <u>10,960,417</u> |

The annexed notes 1 to 18 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, 2012

| | Note | Quarter ended September 30, | | Half year ended September 30, | |
|-----------------------------------|------|--------------------------------|-------------|----------------------------------|--------------|
| | | 2012 | 2011 | 2012 | 2011 |
| (Rupees in '000) | | | | | |
| Sales | | 10,658,596 | 9,646,618 | 20,718,777 | 19,435,001 |
| Cost of sales | 11 | (9,711,429) | (8,972,008) | (18,923,467) | (18,073,333) |
| Gross profit | | 947,167 | 674,610 | 1,795,310 | 1,361,668 |
| Distribution cost | | (299,589) | (231,128) | (604,621) | (460,990) |
| Administrative expenses | | (96,402) | (87,362) | (189,161) | (173,185) |
| Other operating income | | 94,023 | 61,513 | 163,108 | 151,650 |
| Other operating expenses | | (56,995) | (29,179) | (93,128) | (61,280) |
| Profit from operations | | 588,204 | 388,454 | 1,071,508 | 817,863 |
| Finance cost | | (2,039) | (1,056) | (5,205) | (4,724) |
| Profit before taxation | | 586,165 | 387,398 | 1,066,303 | 813,139 |
| Taxation | 12 | (155,969) | (110,310) | (285,654) | (235,375) |
| Profit after taxation | | 430,196 | 277,088 | 780,649 | 577,764 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 430,196 | 277,088 | 780,649 | 577,764 |
| ----- (Rupees) ----- | | | | | |
| | | Restated | | Restated | |
| Earnings per share | 13 | 5.20 | 3.35 | 9.44 | 6.98 |

The annexed notes 1 to 18 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, 2012

| | Note | Half year ended September 30, | |
|---|------|----------------------------------|------------------|
| | | 2012 | 2011 |
| Cash Flows from Operating Activities | | | |
| Cash generated from operations | 14 | 1,792,930 | 337,286 |
| Mark-up / interest paid | | - | (7,917) |
| Income tax paid | | (289,262) | (245,164) |
| Compensated absences paid | | (3,851) | (1,323) |
| Mark-up / interest received | | 44,814 | 68,557 |
| Workers' profit participation fund paid | | (87,135) | (75,668) |
| Long-term loans and advances - net | | (3,543) | 810 |
| Long-term deposits - net | | (3,015) | (5,087) |
| Net cash generated from operating activities | | 1,450,938 | 71,494 |
| Cash Flows from Investing Activities | | | |
| Fixed capital expenditure | | (1,029,908) | (424,697) |
| Investments acquired | | (50,000) | (365,000) |
| Sale proceeds from disposal of operating fixed assets | | 17,302 | 39,474 |
| Sale proceeds from disposal of investments | | 20,000 | 367,813 |
| Net cash used in investing activities | | (1,042,606) | (382,410) |
| Cash Flows from Financing Activities | | | |
| Repayment of long-term borrowings | | - | (87,500) |
| Dividend paid | | (460,979) | (406,589) |
| Net cash used in financing activities | | (460,979) | (494,089) |
| Net decrease in cash and cash equivalents | | (52,647) | (805,005) |
| Cash and cash equivalents - at beginning of the period | | 2,149,154 | 2,090,800 |
| Cash and cash equivalents - at end of the period | | 2,096,507 | 1,285,795 |

The annexed notes 1 to 18 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

For the Half Year Ended September 30, 2012

(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, 2011 (audited) 625,522 39,953 165 2,582,000 1,374,774 4,622,414

Transfer to general reserve - - - - 860,000 (860,000)

Transactions with owners

| | | | | | | |
|--|--------|---|---|---|-----------|-----------|
| Final cash dividend for the year ended March 31, 2011 at the rate of Rs.6.50 per share | - | - | - | - | (406,589) | (406,589) |
| Bonus shares issued during the period in ratio of 3 shares for every 20 shares held | 93,828 | - | - | - | (93,828) | - |
| | 93,828 | - | - | - | (500,417) | (406,589) |

Total comprehensive income for the half year ended September 30, 2011 - - - - 577,764 577,764

Balance as at September 30, 2011 (unaudited) 719,350 39,953 165 3,442,000 592,121 4,793,589

Total comprehensive income for the six months period ended March 31, 2012 - - - - 626,345 626,345

Balance as at March 31, 2012 (audited) 719,350 39,953 165 3,442,000 1,218,466 5,419,934

Transfer to general reserve - - - 630,000 (630,000) -

Transactions with owners

| | | | | | | |
|--|---------|---|---|---|-----------|-----------|
| Final cash dividend for the year ended March 31, 2012 at the rate of Rs.6.50 per share | - | - | - | - | (467,578) | (467,578) |
| Bonus shares issued during the period in ratio of 3 shares for every 20 shares held | 107,903 | - | - | - | (107,903) | - |
| | 107,903 | - | - | - | (575,481) | (467,578) |

Total comprehensive income for the half year ended September 30, 2012 - - - - 780,649 780,649

Balance as at September 30, 2012 (unaudited) 827,253 39,953 165 4,072,000 793,634 5,733,005

The annexed notes 1 to 18 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, 2012

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, 2012 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, 2012.

3. Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements for the year ended March 31, 2012.

4. Accounting Estimates and Judgments

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 judgment in the process of applying the Company's accounting policies. Estimates and judgments 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. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments 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 were applied to the audited annual financial statements for the year ended March 31, 2012.

5. Property, Plant and Equipment

| | Note | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|--------------------------|------|--|--------------------------------|
| Operating fixed assets | 5.1 | 4,615,041 | 3,758,282 |
| Capital work-in-progress | | 39,220 | 183,328 |
| | | <u>4,654,261</u> | <u>3,941,610</u> |

| | Note | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|---|------|--|--------------------------------|
| 5.1 Operating fixed assets | | | |
| Book value at beginning of the period / year | | 3,758,282 | 3,256,040 |
| Additions during the period / year | 5.2 | 1,174,016 | 1,050,519 |
| Disposals, costing Rs. 97,323 thousand (March 31, 2012: Rs. 189,114 thousand) - at book value | 5.3 | (30,326) | (51,550) |
| Depreciation charge for the period / year | | (286,931) | (496,727) |
| Book value at end of the period / year | | <u>4,615,041</u> | <u>3,758,282</u> |

5.2 Following is the detail of additions during the period / year:

| | | |
|----------------------------|------------------|------------------|
| Building on freehold land | 3,692 | 20,056 |
| Building on leasehold land | 112,566 | 5,433 |
| Plant and machinery | 679,048 | 680,015 |
| Dies and jigs | 244,707 | 151,147 |
| Factory equipment | 27,482 | 32,552 |
| Office equipment | 3,052 | 2,195 |
| Computers and accessories | 7,525 | 5,755 |
| Furniture and fixtures | 10,297 | 12,345 |
| Electric and gas fittings | 58,961 | 72,294 |
| Vehicles | 26,686 | 68,727 |
| | <u>1,174,016</u> | <u>1,050,519</u> |

5.3 Following is the detail of disposals during the period / year:

| | | |
|----------------------------|---------------|---------------|
| Building on leasehold land | 408 | 583 |
| Plant and machinery | 7,971 | 29,198 |
| Dies and jigs | 11,551 | - |
| Factory equipment | 924 | 82 |
| Office equipment | - | 36 |
| Computers and accessories | - | 27 |
| Electric and gas fittings | 306 | 20 |
| Vehicles | 9,166 | 21,604 |
| | <u>30,326</u> | <u>51,550</u> |

6. Trade Deposits and Prepayments

Includes prepayments of Rs.126,941 thousand (March 31, 2012: Rs.42,751 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

| September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|--|--------------------------------|
|--|--------------------------------|

7. Short-Term Investments - at Fair Value through Profit or Loss

Investments in mutual funds:

| | | |
|-------------------|------------------|------------------|
| - Related parties | 891,605 | 843,154 |
| - Others | 681,163 | 617,426 |
| | <u>1,572,768</u> | <u>1,460,580</u> |

8. Share Capital

During the period, a 15% issue of bonus shares in the ratio of three bonus shares for every twenty shares held by the shareholders was proposed in the Board of Directors meeting held on April 30, 2012. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on June 27, 2012. The effect of the issue of 10,790,255 bonus shares of Rs.10 each has been accounted for in this condensed interim financial information.

| | Note | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|--|------|--|--------------------------------|
| 9. Trade and other Payables | | | |
| Creditors | 9.1 | 2,900,988 | 2,813,264 |
| Accrued liabilities | | 606,565 | 576,311 |
| Royalty payable | 9.2 | 602,595 | 449,084 |
| Warranty obligations | | 25,612 | 20,657 |
| Advances from customers | | 981,276 | 591,401 |
| Retention money | | 3,221 | 3,840 |
| Sales tax payable - net | | 140,649 | 175,873 |
| Workers' profit participation fund | | 57,269 | 87,135 |
| Workers' welfare fund | | 54,729 | 32,967 |
| Payable to staff retirement benefit funds - gratuity | | 38,708 | 25,522 |
| Unclaimed dividend | | 25,942 | 19,343 |
| Other liabilities | | 18,729 | 14,771 |
| | | <u>5,456,283</u> | <u>4,810,168</u> |

9.1 Includes Rs. 326,842 thousand (March 31, 2012: Rs. 285,050 thousand) pertaining to related parties.

9.2 Includes Rs. 501,510 thousand (March 31, 2012: Rs. 444,973 thousand) due to Honda Motor Company Limited, Japan - a related party.

10. Contingencies and Commitments

10.1 Contingencies

10.1.1 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, 2012.

| | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) |
|--|--|--------------------------------|
| 10.1.2 Outstanding bank guarantees | <u>77,604</u> | <u>70,740</u> |
| 10.2 Commitments | | |
| 10.2.1 Commitments in respect of: | | |
| - capital expenditure through confirmed letters of credit | <u>31,142</u> | <u>53,086</u> |
| - capital expenditure other than letters of credit | <u>5,028</u> | <u>69,708</u> |
| - raw materials and components through confirmed letters of credit | <u>1,022,589</u> | <u>733,867</u> |

10.2.2 Commitment for rentals of ijarah arrangements for electric & gas fittings and vehicles with various banks as at September 30, 2012 amounted to Rs.139,957 thousand (March 31, 2012: Rs.153,999 thousand) payable as follows:

| | September 30, 2012 (Unaudited) (Rupees in '000) | March 31, 2012 (Audited) (Rupees in '000) |
|---|--|--|
| Not later than one year | 63,626 | 60,867 |
| Later than one year but not later than five years | 76,331 | 93,132 |
| | <u>139,957</u> | <u>153,999</u> |

| | Note | Quarter ended September 30, | | Half year ended September 30, | |
|--|------|--|------------------------|--|-------------------------|
| | | 2012 | 2011 | 2012 | 2011 |
| (Unaudited) (Rupees in '000) | | | | | |
| 11. Cost of Sales | | | | | |
| Finished goods at beginning of the period | | 296,515 | 223,689 | 264,073 | 199,834 |
| Cost of goods manufactured | 11.1 | 9,142,705 | 8,617,115 | 17,855,664 | 17,283,630 |
| Purchases | | 492,342 | 409,078 | 1,023,863 | 867,743 |
| | | <u>9,635,047</u> | <u>9,026,193</u> | <u>18,879,527</u> | <u>18,151,373</u> |
| Finished goods at end of the period | | 9,931,562 (220,133) | 9,249,882 (277,874) | 19,143,600 (220,133) | 18,351,207 (277,874) |
| | | <u>9,711,429</u> | <u>8,972,008</u> | <u>18,923,467</u> | <u>18,073,333</u> |
| 11.1 Cost of goods manufactured | | | | | |
| Work-in-process at beginning of the period | | 37,103 | 39,891 | 11,113 | 10,112 |
| Raw materials and components consumed | | 7,658,736 | 7,266,757 | 14,992,374 | 14,598,474 |
| Factory overheads | | 1,489,504 | 1,371,982 | 2,894,815 | 2,736,559 |
| | | <u>9,148,240</u> | <u>8,638,739</u> | <u>17,887,189</u> | <u>17,335,033</u> |
| Work-in-process at end of the period | | 9,185,343 (42,638) | 8,678,630 (61,515) | 17,898,302 (42,638) | 17,345,145 (61,515) |
| | | <u>9,142,705</u> | <u>8,617,115</u> | <u>17,855,664</u> | <u>17,283,630</u> |
| 12. Taxation | | | | | |
| Current | | 112,172 | 100,478 | 241,857 | 230,329 |
| Prior year | | (22,390) | - | (22,390) | (4,786) |
| Deferred | | 66,187 | 9,832 | 66,187 | 9,832 |
| | | <u>155,969</u> | <u>110,310</u> | <u>285,654</u> | <u>235,375</u> |

| | Quarter ended September 30, | | Half year ended September 30, | |
|--|---------------------------------|------------|----------------------------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (Unaudited) (Rupees in '000) | | | |
| 13. Earnings Per Share | | | | |
| Basic and diluted | | | | |
| Profit for the period | 430,196 | 277,088 | 780,649 | 577,764 |
| | ----- (Number of shares) ----- | | | |
| Weighted average number of ordinary shares in issue during the period | 82,725,291 | 82,725,291 | 82,725,291 | 82,725,291 |
| | ----- (Rupees) ----- | | | |
| Basic and diluted earnings per share | 5.20 | 3.35 | 9.44 | 6.98 |

13.1 There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of shares in issue and earnings per share for the three and six months period ended September 30, 2011 have been restated, taking the effect of bonus shares at the rate of 15% issued during the current period.

| | Note | Half year ended September 30, | |
|---|------|----------------------------------|----------------|
| | | 2012 | 2011 |
| | | (Unaudited) (Rupees in '000) | |
| 14. Cash Generated from Operations | | | |
| Profit before taxation | | 1,066,303 | 813,139 |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation of operating fixed assets | | 286,931 | 238,282 |
| Amortization of intangible assets | | 1,137 | 927 |
| Net change in fair value of 'investments at fair value through profit or loss' | | (82,079) | (48,816) |
| Gain on sale of investments | | (110) | (7,575) |
| Mark-up / interest on deposits | | (48,348) | (64,592) |
| Mark-up / interest on short-term finances and long-term borrowings | | - | 1,539 |
| Workers' profit participation fund | | 57,269 | 43,665 |
| Workers' welfare fund | | 21,762 | 16,595 |
| Provision for compensated absences | | 24,797 | 21,809 |
| Provision for gratuity | | 13,185 | 13,924 |
| Loss / (gain) on disposal of operating fixed assets | | 13,024 | (3,846) |
| Working capital changes | 14.1 | 439,059 | (687,765) |
| | | <u>1,792,930</u> | <u>337,286</u> |

**Half year ended
September 30,**

| | |
|------|------|
| 2012 | 2011 |
|------|------|

(Unaudited)
(Rupees in '000)

14.1 Working capital changes

(Increase) / decrease in current assets:

| | | |
|--------------------------------------|-----------|-------------|
| Stores, spares and loose tools | (24,183) | (4,660) |
| Stock-in-trade | (58,188) | (683,363) |
| Trade debts | (19,343) | (329,517) |
| Loans and advances | (2,615) | 1,234 |
| Trade deposits and prepayments | (86,945) | (91,684) |
| Other receivables | (4,103) | (6,518) |
| | (195,377) | (1,114,508) |
| Increase in trade and other payables | 634,436 | 426,743 |
| | 439,059 | (687,765) |

15. Financial Risk Management

15.1 The Company's activities expose it to a variety of financial risks: market risk (including foreign 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 audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended March 31, 2012.

There has been no change in Company's sensitivity to these risks since March 31, 2012 except for general exposure to fluctuations in foreign currency and interest rates. There has been no change in the risk management policies during the period.

15.2 There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since March 31, 2012.

16. Transactions with Related Parties

Significant transactions with related parties are as follows:

| Relationship with the Company | Nature of transactions | Half year ended September 30, | |
|--------------------------------|---|---------------------------------|-----------|
| | | 2012 | 2011 |
| | | (Unaudited) (Rupees in '000) | |
| (i) Associates | Sales: | | |
| | - goods and services | 22,121 | 19,675 |
| | - operating fixed assets | 10,168 | 4,386 |
| | Purchases: | | |
| | - goods and services | 2,487,062 | 2,849,326 |
| | - operating fixed assets | 13,288 | 12,412 |
| | Sale of units in mutual funds | - | 50,000 |
| | Purchase of units in mutual funds | - | 200,000 |
| | Royalty | 992,281 | 953,472 |
| | Export commission | 7,449 | 20,400 |
| | Technical assistance fee | 13,579 | 13,500 |
| | Commission income | 8,018 | 10,212 |
| | Rent | 66,651 | 58,144 |
| | Insurance premium paid | 161,246 | 158,714 |
| | Insurance claims received | 6,821 | 1,988 |
| | Reimbursement of expenses - net | 618 | 2,688 |
| | Dividend paid | 405,824 | 352,891 |
| (ii) Staff retirement funds | Contributions paid to provident funds / pension schemes | 21,176 | 19,346 |
| (iii) Key management personnel | Remuneration and other benefits | 49,085 | 52,640 |

17. Corresponding Figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

18. Date of Authorization for Issue

This condensed interim financial information was authorized for issue by the Board of Directors on November 29, 2012.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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