



**Atlas Honda**

Half Yearly Report  
September 30, 2015

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# Company Information

## Board of Directors

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Yusuf H. Shirazi  
Chairman

Abid Naqvi  
Director

Hiromitsu Takasaki  
Director

Jawaid Iqbal Ahmed  
Director

Kazuhisa Hirota  
Director

Sanallah Qureshi  
Director

Yasutaka Uda  
Director

Saqib H. Shirazi  
Chief Executive Officer

Umair Mukhtar  
Company Secretary

Jawaid Iqbal Ahmed  
Member

Saqib H. Shirazi  
Member

Razi Ur Rehman  
Secretary

## Management

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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

## Audit Committee

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Sanallah Qureshi  
Chairman

Abid Naqvi  
Member

Jawaid Iqbal Ahmed  
Member

Syed Tanvir Hyder  
Head of Internal Audit

Umair Mukhtar  
Secretary

## Human Resource & Remuneration Committee

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Sanallah Qureshi  
Chairman

# 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 half year ended September 30, 2015.

## The Economy

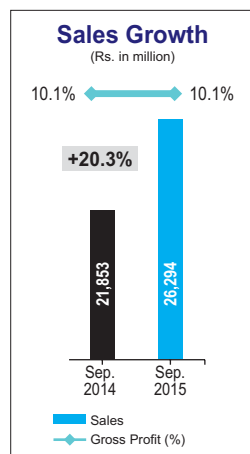
The economic activity is picking up pace and key external risks are gradually subsiding. Inflation continued its single digit trend and recorded at 1.66%. The swift pass through of lower international oil price to consumers and a positive base effect helped to contain inflation. The declining oil prices also contributed in reducing the import bill by 17%. Coupled with soft global commodities prices, the healthy workers' remittances partially offset the slowdown in exports. The improvements in trade account and receipts from Coalition Support Fund contained the current account deficit to mere a USD 394 million, a decrease of 73% over the same period of last year. The external account gained further strength from the buildup of foreign exchange reserves which were recorded at USD 18,472 million. The stable reserve position prevented a significant depreciation of the Rupee, which remained relatively firm despite weakening of the regional currencies. On the fiscal side, healthy non-tax revenues, rationalization in energy subsidies and controlled government spending improved the tax to GDP ratio to 11% for FY15. Acknowledging the improving macros, the central bank reduced the discount rate by 50 basis points to 6.5%. On the other hand, the KSE 100 index exhibited below par performance and posted a negative return of 6.14% during the 1QFY15. This was due to the decline in the global equity markets and political & regulatory concerns in the local equity market.

The growth in agriculture remained less than expected. Heavy rains and floods in Sindh and Punjab affected production of cotton. Further, unsold stocks of the previous harvest and the low commodity prices adversely impacted the rice crop. To counter these restraining factors, the government has recently announced farm support policy amounting to Rs. 341 billion which is aimed to provide relief to this sector.

Large Scale Manufacturing (LSM) started showing signs of recovery with the index posting growth of 4.67%. Healthy manufacturing activities in the automobile, fertilizer and chemical sectors led to this improved performance. However, power outages and weak external demand continue to pose challenges to a broad based expansion in the index.

## Operating Results

The Company remains committed to deliver on its long term objectives of sustainable growth and value creation. This is being achieved through a continued focus on volume growth, operational excellence, cost reduction and strong capital structure. Net sales for the half year registered at Rs. 26.3 billion, which is 20.3% higher compared to the corresponding period. The positive performance is due to the strong volume growth and a better sales mix. Volumetric gains, consistent cost control measures and favorable exchange rates resulted in increased gross profit at Rs. 2.7 billion, up by 20.1%. Sales and marketing expenses rose to Rs. 705.8 million, a year on year increase of 10.4%, 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 15.7% 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. 268.9 million, which is an encouraging 16.7% higher than the corresponding period on account of efficient treasury operations. An impressive topline resulted in the achievement of highest ever half yearly profit after tax of Rs. 1,345.5 million, an increase of 22.0%. Consequently, the Company has achieved Earnings per Share (EPS) of Rs. 13.01 per share as against Rs. 10.67 per share for the corresponding period last year.

## Future Outlook

The improving macroeconomic fundamentals supported by focused domestic policies and favorable external developments, project sustained growth prospects. Receipts from recent issuance of Eurobonds and disbursements from IMF have added to the strong reserve position. However, increases in exports and foreign direct investments are imperative for long-term sustainability of healthy reserves. In this regard, continued reforms to ease infrastructure bottlenecks are necessary for paving the way to greater competitiveness. Further, steps to increase revenue mobilization by broadening the tax base and strengthening tax administration remains key to fiscal discipline. The Pak-China Economic Corridor (CPEC) will serve as a driver for increased economic activity and connectivity between the two countries. Such measures, together with steady commodity prices and lower interest rates, would benefit the industrial index.

On the other hand, declining international commodity prices will continue to put pressure on the selling prices of agricultural commodities. The recently introduced supportive package for agriculture sector is expected to support the farmers' dwindling income. This will help increase demand for two wheelers due to its role as the main source of motorized transportation in rural areas.

With its diverse product line up, strong market position and management, 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.

چلتے ہیں جس کے لیے تیری آنکھوں کے دیئے  
ڈھونڈھ لایا ہوں وہی گیت میں تیرے لیے  
(I have brought you what you desire)

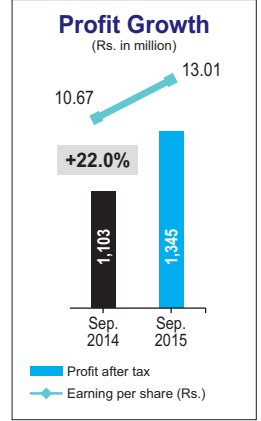
## Acknowledgement

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.

Date: October 30, 2015  
Karachi



Yusuf H. Shirazi





# HAMEED CHAUDHRI & CO.

## CHARTERED ACCOUNTANTS

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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Atlas Honda Limited as at September 30, 2015 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 (here-in-after referred to as the "condensed interim financial information") for the half year then ended. 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2015.

### 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

*Hameed Chaudhri & Co.*

Karachi: October 30, 2015  
Engagement partner: Muhammad Ali

HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

#### LAHORE:

HM House, 7-Bank Square.  
Tel : 37235084-87 Fax : 042-37235083  
E-mail : lhr@hccpk.com  
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

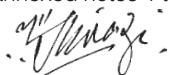


# Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2015

		(Unaudited) September 30, 2015	(Audited) March 31, 2015
	Note	------(Rupees in '000)-----	
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	4,851,273	4,982,552
Intangible assets		9,214	12,774
Long term investments	6	225,016	216,283
Long term loans and advances		27,254	27,198
Long term deposits		12,758	12,986
		<u>5,125,515</u>	<u>5,251,793</u>
<b>Current assets</b>			
Stores, spares and loose tools		435,297	421,339
Stock-in-trade		2,168,343	1,660,529
Trade debts		657,725	704,597
Loans and advances		33,791	41,235
Trade deposits and prepayments	7	154,589	59,568
Short term investments	8	4,950,628	4,119,696
Accrued mark-up / interest		13,747	10,857
Other receivables		4,364	3,674
Taxation - net		551,039	99,185
Bank balances		3,811,150	3,409,200
		<u>12,780,673</u>	<u>10,529,880</u>
		<u>17,906,188</u>	<u>15,781,673</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Authorized capital			
150,000,000 (March 31, 2015: 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, 2015: 103,406,613)			
ordinary shares of Rs.10 each		1,034,066	1,034,066
Reserves		8,309,120	8,204,479
		<u>9,343,186</u>	<u>9,238,545</u>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Compensated absences		207,187	195,145
Deferred taxation		515,029	578,249
		<u>722,216</u>	<u>773,394</u>
<b>Current liabilities</b>			
Trade and other payables	9	7,840,786	5,769,734
		<u>8,563,002</u>	<u>6,543,128</u>
<b>Contingencies and commitments</b>			
	10	<u>17,906,188</u>	<u>15,781,673</u>

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



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer




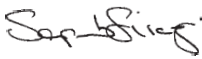
# Condensed Interim Profit and Loss Account (Unaudited)

For the Half Year Ended September 30, 2015

	Note	Quarter ended September 30,		Half year ended September 30,	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Sales - net		13,279,928	10,640,148	26,294,235	21,852,746
Cost of sales	11	(11,955,816)	(9,578,533)	(23,635,582)	(19,639,584)
<b>Gross profit</b>		1,324,112	1,061,615	2,658,653	2,213,162
Sales and marketing expenses		(354,102)	(310,167)	(705,758)	(639,291)
Administrative expenses		(123,565)	(99,018)	(239,981)	(207,398)
Other income		127,381	115,783	276,374	235,375
Other operating expenses		(73,757)	(57,837)	(144,769)	(115,895)
<b>Profit from operations</b>		900,069	710,376	1,844,519	1,485,953
Finance cost		(5,628)	(2,895)	(7,519)	(4,944)
		894,441	707,481	1,837,000	1,481,009
Share of profit of an Associated Company - net of tax		14,783	7,169	22,983	9,617
<b>Profit before taxation</b>		909,224	714,650	1,859,983	1,490,626
Taxation	12	(264,440)	(185,274)	(514,463)	(387,774)
<b>Profit after taxation</b>		644,784	529,376	1,345,520	1,102,852
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		644,784	529,376	1,345,520	1,102,852
----- (Rupees) -----					
<b>Earnings per share</b>					
- basic and diluted		6.24	5.12	13.01	10.67

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

  
Yusuf H. Shirazi  
Chairman

  
Saquib H. Shirazi  
Chief Executive Officer

# Condensed Interim Cash Flow Statement (Unaudited)

For the Half Year Ended September 30, 2015

	Note	Half year ended September 30,	
		2015	2014
<b>Cash Flows from Operating Activities</b>			
Cash generated from operations	13	3,636,418	1,127,828
Income tax paid		(1,029,537)	(390,935)
Contributions made to gratuity funds		(26,765)	(23,452)
Compensated absences paid		(3,858)	(3,504)
Mark-up / interest received		103,816	71,452
Workers' profit participation fund paid		(172,514)	(144,583)
Long term loans and advances - net		(56)	(1,001)
Long term deposits - net		228	(1,884)
<b>Net cash generated from operating activities</b>		<b>2,507,732</b>	<b>633,921</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(308,093)	(543,678)
Proceeds from sale of property, plant and equipment		95,074	58,454
Purchase of intangible assets		(459)	-
Investments acquired		(9,838,688)	(3,133,471)
Proceeds from sale of investments		9,119,805	3,919,901
Dividend received		55,872	-
<b>Net cash (used in) / generated from investing activities</b>		<b>(876,489)</b>	<b>301,206</b>
<b>Cash Flows from Financing Activities</b>			
Dividend paid		(1,229,293)	(1,023,436)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>401,950</b>	<b>(88,309)</b>
Cash and cash equivalents at beginning of the period		3,409,200	2,843,738
<b>Cash and cash equivalents at end of the period</b>		<b>3,811,150</b>	<b>2,755,429</b>

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



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half Year Ended September 30, 2015

(Rupees in '000)

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
<b>Balance as at April 1, 2014 (Audited)</b>	1,034,066	39,953	165	4,702,000	2,137,129	7,913,313
Transfer to general reserve	-	-	-	630,000	(630,000)	-
<b>Transaction with owners, recognised directly in equity</b>						
Final dividend for the year ended March 31, 2014 at the rate of Rs.10 per share	-	-	-	-	(1,034,066)	(1,034,066)
<b>Total comprehensive income for the half year ended September 30, 2014</b>						
Profit for the period	-	-	-	-	1,102,852	1,102,852
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,102,852	1,102,852
<b>Balance as at September 30, 2014 (Unaudited)</b>	1,034,066	39,953	165	5,332,000	1,575,915	7,982,099
<b>Total comprehensive income for six months period ended March 31, 2015</b>						
Profit for the period	-	-	-	-	1,248,039	1,248,039
Other comprehensive income	-	-	-	-	8,407	8,407
	-	-	-	-	1,256,446	1,256,446
<b>Balance as at March 31, 2015 (Audited)</b>	1,034,066	39,953	165	5,332,000	2,832,361	9,238,545
Transfer to general reserve	-	-	-	830,000	(830,000)	-
<b>Transaction with owners, recognised directly in equity</b>						
Final dividend for the year ended March 31, 2015 at the rate of Rs.12 per share	-	-	-	-	(1,240,879)	(1,240,879)
<b>Total comprehensive income for the half year ended September 30, 2015</b>						
Profit for the period	-	-	-	-	1,345,520	1,345,520
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,345,520	1,345,520
<b>Balance as at September 30, 2015 (Unaudited)</b>	1,034,066	39,953	165	6,162,000	2,107,002	9,343,186

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



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer

# Notes to the Condensed Interim Financial Information (Unaudited)

For the Half Year Ended September 30, 2015

## 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 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) September 30, 2015	(Audited) March 31, 2015
	Note	------(Rupees in '000)-----	
<b>5. Property, Plant and Equipment</b>			
Operating fixed assets	5.1	4,823,761	4,752,195
Capital work-in-progress		27,512	230,357
		<u>4,851,273</u>	<u>4,982,552</u>

	(Unaudited) September 30, 2015	(Audited) March 31, 2015
Note	------(Rupees in '000)-----	
<b>5.1 Operating fixed assets</b>		
Book value at beginning of the period / year	4,752,195	4,406,665
Additions during the period / year	5.2 510,938	1,081,402
Disposals and written-off costing Rs.356,895 thousand (March 31, 2015: Rs.332,852 thousand) - at book value	(102,675)	(87,075)
Depreciation charge for the period / year	(336,697)	(648,797)
Book value at end of the period / year	<u>4,823,761</u>	<u>4,752,195</u>
<b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:</b>		
Buildings on freehold land	64,214	136,473
Buildings on leasehold land	1,627	30,224
Plant and machinery	275,460	625,858
Dies and jigs	85,852	162,786
Factory equipment	10,139	13,286
Office equipment	2,532	1,115
Computers and accessories	22,341	4,756
Furniture and fixtures	1,689	21,687
Electric and gas fittings	4,875	12,930
Vehicles	42,209	72,287
	<u>510,938</u>	<u>1,081,402</u>
<b>6. Long Term Investments - Unquoted</b>		
<b>Associated Company - equity basis</b>		
<b>Atlas Hitec (Private) Limited</b>		
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	49,266	26,283
Less : Dividend received during the period	14,250	-
	<u>225,016</u>	<u>216,283</u>
<b>Others - available for sale</b>		
<b>Arabian Sea Country Club Limited</b>		
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
	-	-
<b>Automotive Testing &amp; Training Centre (Private) Limited</b>		
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>225,016</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 September 30, 2015.

## 7. Trade Deposits and Prepayments

Include prepayments of Rs.147,659 thousand (March 31, 2015: Rs.55,064 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

(Unaudited)      (Audited)  
**September 30,**      **March 31,**  
**2015**                      **2015**  
 -----(Rupees in '000)-----

## 8. Short-term Investments

- at fair value through profit or loss

Investments in units of mutual funds:

- Related parties	4,190,271	3,426,211
- Others	760,357	693,485
	<u>4,950,628</u>	<u>4,119,696</u>

## 9. Trade and other Payables

Creditors	2,327,612	2,185,464
Accrued liabilities	1,292,936	1,200,383
Royalty payable	600,597	567,264
Warranty obligations	42,000	35,402
Advances from customers	3,096,768	1,229,212
Retention money	13,254	14,343
Sales tax payable - net	99,772	149,405
Workers' profit participation fund	98,657	172,514
Workers' welfare fund	107,486	69,995
Payable to staff retirement benefit funds - gratuity	35,768	50,718
Sind government infrastructure fee	56,809	37,899
Unclaimed dividend	49,225	37,639
Others	19,902	19,496
	<u>7,840,786</u>	<u>5,769,734</u>

## 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)      (Audited)  
**September 30,**      **March 31,**  
**2015**                      **2015**  
 -----(Rupees in '000)-----

<b>10.1.2</b> Guarantees issued by banks on behalf of the Company	<u>972,835</u>	<u>172,868</u>
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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	<u>837,405</u>	<u>927,092</u>
- capital expenditure other than letters of credit	<u>10,423</u>	<u>42,257</u>

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

	(Unaudited) September 30, 2015 ------(Rupees in '000)-----	(Audited) March 31, 2015
Not later than one year	29,158	24,425
Over one year and not later than five years	35,353	20,924
	<u>64,511</u>	<u>45,349</u>

		(Unaudited)			
		Quarter ended September 30,		Half year ended September 30,	
		2015	2014	2015	2014
Note		------(Rupees in '000)-----			
<b>11. Cost of Sales</b>					
Opening stock of finished goods		334,160	438,505	311,219	311,075
Cost of goods manufactured	11.1	10,939,486	8,768,622	21,876,193	18,286,661
Purchases		995,922	738,747	1,761,922	1,409,189
		<u>11,935,408</u>	<u>9,507,369</u>	<u>23,638,115</u>	<u>19,695,850</u>
		12,269,568	9,945,874	23,949,334	20,006,925
Closing stock of finished goods		(313,752)	(367,341)	(313,752)	(367,341)
		<u>11,955,816</u>	<u>9,578,533</u>	<u>23,635,582</u>	<u>19,639,584</u>
<b>11.1 Cost of goods manufactured</b>					
Opening stock of work-in-process		55,725	57,000	25,131	4,549
Raw materials and components consumed		9,245,215	7,240,353	18,489,536	15,216,555
Factory overheads		1,681,407	1,512,108	3,404,387	3,106,396
		<u>10,926,622</u>	<u>8,752,461</u>	<u>21,893,923</u>	<u>18,322,951</u>
		10,982,347	8,809,461	21,919,054	18,327,500
Closing stock of work-in-process		(42,861)	(40,839)	(42,861)	(40,839)
		<u>10,939,486</u>	<u>8,768,622</u>	<u>21,876,193</u>	<u>18,286,661</u>
<b>12. TAXATION</b>					
Current		294,212	240,089	544,235	442,589
Prior year		33,448	11,031	33,448	11,031
Deferred		(63,220)	(65,846)	(63,220)	(65,846)
		<u>264,440</u>	<u>185,274</u>	<u>514,463</u>	<u>387,774</u>

		(Unaudited) Half year ended September 30,	
		2015	2014
		------(Rupees in '000)-----	
<b>13. Cash Generated from Operations</b>	<b>Note</b>		
Profit before taxation		1,859,983	1,490,626
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		336,697	312,490
Amortization of intangible assets		4,019	1,925
Provision for compensated absences		15,900	15,000
Provision for gratuity		11,815	13,383
Mark-up / interest on savings accounts and term deposit receipts		(106,706)	(69,320)
Gain on sale of investments		(67,129)	(59,692)
Net change in fair value of investments at fair value through profit or loss		(44,920)	(74,457)
Dividend income		(41,622)	-
Gain on disposal of non current assets classified as held for sale		-	(18,541)
Workers' profit participation fund		98,657	79,562
Workers' welfare fund		37,491	30,664
Loss on disposal of operating fixed assets		7,601	4,651
Share of profit of an Associated Company		(22,983)	(9,617)
Changes in working capital	13.1	1,547,615	(588,846)
		<u>3,636,418</u>	<u>1,127,828</u>
<b>13.1 Changes in working capital</b>			
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(13,958)	(26,838)
- Stock-in-trade		(507,814)	(438,327)
- Trade debts		46,872	(159,263)
- Loans and advances		7,444	(2,446)
- Trade deposits and prepayments		(95,021)	(109,200)
- Other receivables		(690)	(9,766)
		(563,167)	(745,840)
Increase in trade and other payables		2,110,782	156,994
		<u>1,547,615</u>	<u>(588,846)</u>

## 14. Financial Risk Management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2015.

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



## 15. Transactions with Related Parties

15.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	(Unaudited) Half year ended September 30,		
		2015	2014	
		---(Rupees in '000)---		
(i) Associates	<b>Sales:</b>			
	- goods and services	275,967	415,568	
	- operating fixed assets	99,010	23,032	
	- non current assets classified as held for sale	-	190,000	
	<b>Purchases of:</b>			
	- goods and services	5,768,692	3,871,200	
	- operating fixed assets	32,644	23,259	
	Sale of units in mutual funds	7,867,623	3,265,343	
	Purchase of units in mutual funds	8,542,430	2,529,971	
	Investments made	-	190,000	
	Royalty	1,180,481	1,010,681	
	Export commission	1,390	2,572	
	Technical assistance fee	3,456	6,738	
	Commission income	1,350	1,948	
	Rent	84,572	79,221	
	Insurance premium paid	137,314	160,136	
	Insurance claims received	9,176	1,806	
	Reimbursement of expenses - net	1,025	1,501	
	Dividend paid	1,120,137	933,447	
	Dividend received	55,872	-	
	Donation paid	15,000	-	
	(ii) Other related parties	Contributions paid to gratuity funds, provident fund / pension schemes	52,970	48,034
		Salaries and other employment benefits	51,969	54,360
		(Unaudited) September 30, 2015	(Audited) March 31, 2015	
		----- (Rupees in '000) -----		

15.2 Period / year end balances are as follows:

<b>Receivables from related parties</b>		
Property, plant and equipment	2,122	13,016
Trade debts	3,579	-
Other receivables	683	-
<b>Payables to related parties</b>		
Trade and other payables	677,223	589,953

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

## 16. Corresponding Figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 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 half year ended September, 30, 2014.

## 17. Date of Authorization

This condensed interim financial information was authorized for issue on October 30, 2015 by the Board of Directors of the Company.



Yusuf H. Shirazi  
Chairman



Saquib H. Shirazi  
Chief Executive Officer

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