



Quarterly Report
December 31, 2011



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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Hisao Kobayashi
Director

Koji Takamatsu
Director

Nurul Hoda
Director

Sanaullah Qureshi
Director

Sherali Mundrawala
Director

Takashi Nagai
Director

Saqib H. Shirazi
Chief Executive Officer

Rashid Amin
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Sherali Mundrawala
Member

Nurul Hoda
Member

Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

Management Committee

Saqib H. Shirazi
Chief Executive Officer

Nurul Hoda
Vice President Marketing

Hisao Kobayashi
Vice President Technical

Suhail Ahmed
Chief Financial Officer

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 Shujauddin
General Manager Planning & Commercial

Shakeel 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, 4540028,
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

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 un-audited condensed interim results of the Company for the nine months period ended December 31, 2011.

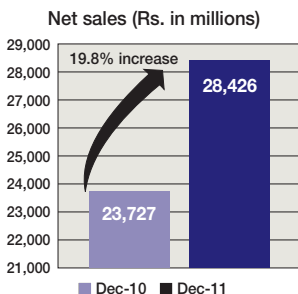
The Economy

The Pakistan economy has shown persistent resilience while facing global economic slowdown, international price dynamics and various domestic challenges. Despite these challenges, the economy is expected to register GDP growth within a range of 3.0% - 3.6%. The key economic variables, such as, foreign exchange reserves and inflation have shown encouraging signs. CPI inflation came down to 9.7% in December 2011 as compared to 15.5% in same period of last year. Foreign currency reserves remained stable at US\$ 16.77 billion due to the all time high overseas remittances. Tax collection showed increase of 27.7%, aggregating to Rs. 507 billion up to Oct'11. On the other hand, surge in fiscal deficit, government borrowing through domestic sources and chronic energy shortages are affecting growth. Pakistan's current account deficit increased to US\$ 2.1 billion during Jul- Nov FY11-12 against US\$ 589 million in the corresponding period, last year. The imbalances on the external front as well as the drying up of foreign investment inflows have pushed the local currency to record low level. Resultantly, rupee depreciated by 4.6% against USD since June 2011.

The agriculture sector's performance was less than expected. The floods in the Southern region of Pakistan caused substantial damage to the standing cotton and rice crops. The rising input costs of electricity and fertilizers together with lower prices for major crops specifically cotton, eroded liquidity for the farmers, leading to lower purchasing power. As a result, sale of consumer durables saw slowdown in the rural areas.

Large Scale Manufacturing (LSM) grew by 2.1% in July - Oct FY11-12 as compared to 1.1% growth of the same period of last year. The major contribution came from automobiles, textiles and leather products. Some momentum was also witnessed in the pharmaceutical and chemical groups. The current problems of severe energy shortage, high input costs and reduced incomes call for better coordinated actions to ensure a sustained growth in LSM.

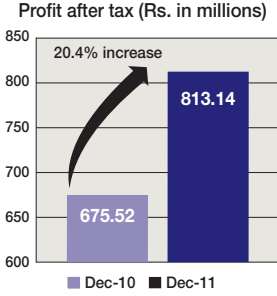
Operating Results



The Company's financial results for the nine months were in line with its strategic plans - delivering stable sales growth, improved operational leverage and a better bottom line. Despite significant challenges during the period under review, the Company registered growth of 19.8% in sales over the corresponding period and recorded an all time high sales figure of Rs. 28.43 billion.

This positive top line growth is attributable to volume increase and better sales mix. However, due to rising prices of raw materials, high inflation and the declining value of rupee, gross profit percentage declined from 7.4% to 7.0%. The key challenge is to improve this over the course of next year. Distribution and administrative expenses for the nine months period were Rs. 976.55 million, an increase of 18.9% over the corresponding period, however, as percentage of sales, have reduced from 3.5% to 3.4%. The increase in absolute terms mainly represents spending on advertising and promotional activities related to core products,

expansion in dealership network and effects of general inflation. Other income, net of financial charges and other expenses, is registered at Rs. 125.2 million which is an encouraging 71.7% higher than the corresponding period last year. This was achieved through better treasury management and early repayment of borrowings.



The above factors have helped the nine months profit after tax to grow to a level of Rs. 813.14 million as compared to Rs. 675.52 million of last year, an increase of 20.4%. This translates into Earnings Per Share (EPS) of Rs. 11.30 as against EPS of Rs. 9.39 of the corresponding period.

Future Outlook

Given the current economic fundamentals, rising government borrowing, political instability and a looming energy crisis, the outlook for the year 2012 remains challenging. The fragile global economic environment may further suppress domestic growth. There is an urgency to implement sound economic reforms, apply long term economic management principles and introduce alternate power sources for creating conducive environment for a prosperous Pakistan. Agriculture, with a 25% share of the economy, could remain the nucleus of economic growth. Reasonable support prices, improved acreage in major crops and timely financial support by GoP to farmers could bring favorable results for the overall economy. The domino effect of agricultural growth always boosts the two wheeler industry due to its role as the main source of transportation in the rural areas.

Your Company has exhibited good performance against the challenges of the economy, competition, rising raw material prices and vulnerability of exchange rate. Due to expanded capacity, the Company is uniquely positioned in creating value for its stakeholders on the back of a strong financial position and a well defined growth plan to meet the challenges ahead. The Company is focused on further investing in its product line and marketing its products as the first choice of customers:

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پہ چھ بتا تیری رضا کیا ہے

(Self determination leads one to determined goals)

Acknowledgement

I take this opportunity to thank Honda Motor Company Ltd., Japan, for their continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers, the management team and the Board of Directors for their guidance. I would also like to acknowledge the continued support of all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping build Atlas Honda Limited into a unique company in the two wheeler industry.

Yusuf H. Shirazi

Karachi: January 30, 2012

Condensed Interim Balance Sheet

As at December 31, 2011

	Note	December 31, 2011 (Unaudited) (Rupees in '000)	March 31, 2011 (Audited)
Assets			
Non-Current Assets			
Property, plant and equipment	5	3,705,829	3,259,193
Intangible assets		6,634	7,137
Long-term investments - available for sale		-	-
Long-term loans and advances		21,377	22,403
Long-term deposits		16,065	10,765
		<u>3,749,905</u>	<u>3,299,498</u>
Current Assets			
Stores, spares and loose tools		347,024	325,891
Stock-in-trade	6	2,839,713	2,003,029
Trade debts		433,807	401,435
Loans and advances		36,425	33,525
Trade deposits and prepayments	7	91,407	36,936
Short-term investments - at fair value through profit or loss	8	1,431,120	1,338,474
Accrued mark-up / interest		10,683	8,517
Other receivables		30,029	15,075
Income tax receivable		97,047	68,050
Cash and bank balances		820,436	2,090,800
		<u>6,137,691</u>	<u>6,321,732</u>
		<u>9,887,596</u>	<u>9,621,230</u>

Condensed Interim Balance Sheet

As at December 31, 2011

	Note	December 31, 2011 (Unaudited) (Rupees in '000)	March 31, 2011 (Audited)
Equity and Liabilities			
Equity			
Share capital	9	719,350	625,522
Reserves and unappropriated profits		4,309,617	3,996,892
		<u>5,028,967</u>	<u>4,622,414</u>
Non-Current Liabilities			
Deferred liabilities		693,838	649,354
Current Liabilities			
Trade and other payables		4,164,791	4,255,584
Accrued mark-up / interest		-	6,378
Current portion of long-term borrowings		-	87,500
		<u>4,164,791</u>	<u>4,349,462</u>
Contingencies and Commitments	11		
		<u><u>9,887,596</u></u>	<u><u>9,621,230</u></u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

Condensed Interim Profit and Loss Account (Unaudited)

For the Three Months and Nine Months Period Ended December 31, 2011

	Note	Three months period ended December 31,		Nine months period ended December 31,	
		2011	2010	2011	2010
(Rupees in '000)					
Net sales		8,990,814	8,268,994	28,425,815	23,726,808
Cost of sales	12	(8,358,662)	(7,653,095)	(26,431,995)	(21,970,911)
Gross profit		632,152	615,899	1,993,820	1,755,897
Distribution cost		(258,723)	(197,637)	(719,713)	(603,032)
Administrative expenses		(83,654)	(73,757)	(256,839)	(218,244)
Other operating income		67,341	71,800	218,991	227,808
Other operating expenses		(25,035)	(27,644)	(86,315)	(76,202)
Profit from operations		332,081	388,661	1,149,944	1,086,227
Finance cost		(2,768)	(23,048)	(7,492)	(78,691)
Net profit before taxation		329,313	365,613	1,142,452	1,007,536
Taxation	13	(93,935)	(121,603)	(329,310)	(332,018)
Net profit after taxation		235,378	244,010	813,142	675,518
Other comprehensive income		-	-	-	-
Total comprehensive income		235,378	244,010	813,142	675,518

(Rupees)

Earnings per share - basic and diluted	14	3.27	3.39	11.30	9.39
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The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Period Ended December 31, 2011

	Note	December 31,	
		2011	2010
(Rupees in '000)			
Cash Flows from Operating Activities			
Cash generated from operations	15	401,483	1,489,742
Mark-up / interest paid		(8,505)	(78,731)
Income tax paid		(348,475)	(365,540)
Contributions made to Gratuity Funds		(11,078)	(20,496)
Compensated leave absences paid		(3,748)	(2,033)
Workers' Profit Participation Fund paid		(75,668)	(57,853)
Mark-up / interest received		81,158	90,983
Long-term loans and advances - net		1,026	(3,309)
Long-term deposits - net		(5,300)	280
Net cash generated from operating activities		30,893	1,053,043
Cash Flows from Investing Activities			
Fixed capital expenditure		(860,094)	(428,208)
Investments acquired		(365,000)	(551,044)
Sale proceeds from disposal of operating fixed assets		50,113	47,266
Sale proceeds from disposal of investments		367,813	414,427
Net cash used in investing activities		(807,168)	(517,559)
Cash Flows from Financing Activities			
Repayment of borrowings		(87,500)	(387,500)
Dividend paid		(406,589)	(268,989)
Net cash used in financing activities		(494,089)	(656,489)
Net decrease in cash and cash equivalents		(1,270,364)	(121,005)
Cash and cash equivalents at beginning of the period		2,090,800	1,641,963
Cash and cash equivalents at end of the period		820,436	1,520,958

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

Condensed Interim Statement of Changes in Equity

For the Nine Months Period Ended December 31, 2011

(Rupees in '000)

Share Capital	Capital Reserves		Revenue Reserves		Total
	Share Premium	Gain on sale of land	General Reserve	Unappropriated Profits	

Balance as at April 1, 2010 (Audited) 543,932 39,953 165 2,582,000 725,774 3,891,824

Transactions with owners

Final dividend for the year ended March 31, 2010 @ Rs. 5 per share	-	-	-	-	(271,966)	(271,966)
Bonus shares issued during the year in the ratio of 3 shares for every 20 shares held	81,590	-	-	-	(81,590)	-
	81,590	-	-	-	(353,556)	(271,966)

Total comprehensive income for the nine months period ended December 31, 2010 - - - - 675,518 675,518

Balance as at December 31, 2010 (Unaudited) 625,522 39,953 165 2,582,000 1,047,736 4,295,376

Total comprehensive income for three months period ended March 31, 2011 - - - - 327,038 327,038

Balance as at March 31, 2011 (Audited) 625,522 39,953 165 2,582,000 1,374,774 4,622,414

Transactions with owners

Final dividend for the year ended March 31, 2011 @ Rs. 6.5 per share	-	-	-	-	(406,589)	(406,589)
Bonus shares issued during the year in the ratio of 3 shares for every 20 shares held	93,828	-	-	-	(93,828)	-
	93,828	-	-	-	(500,417)	(406,589)

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

Total comprehensive income for the nine months period ended December 31, 2011 - - - - 813,142 813,142

Balance as at December 31, 2011 (Unaudited) 719,350 39,953 165 3,442,000 827,499 5,028,967

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Period Ended December 31, 2011

1. Legal Status and Operations

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913, now Companies Ordinance, 1984. Currently, the shares of the Company are listed on Karachi and Lahore stock exchanges of Pakistan. The registered office is located at 1-Mcleod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembly facilities of the Company are located at Karachi and Sheikhpura, with branches, warranty and training centres and other offices located at Karachi, Multan, Lahore, Rahim Yar Khan and Rawalpindi.

2. Basis of Preparation

- 2.1** This condensed interim financial information of the Company for the nine months period ended December 31, 2011 is unaudited and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.
- 2.2** This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2011.
- 2.3** This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand, except for earnings per share which are presented in whole figures.

3. Summary of Significant Accounting Policies

- 3.1** The accounting policies and the methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended March 31, 2011, except for the adoption of new accounting policies as referred to in note 3.2 and 3.3.
- 3.2** Following amendment to existing approved accounting standard became effective for the periods beginning on or after January 1, 2011 and is relevant to the Company:

IAS 34 (Amendment), 'Interim financial reporting'. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, change in classification of financial assets and changes in contingent liabilities and assets. The amendment has resulted in an additional disclosure as presented in note 16 to this condensed interim financial information.

3.3 Following new accounting standards, amendments to existing approved accounting standards and interpretations became effective during the period, but are either not currently relevant to the Company or do not have any significant impact on the Company's financial information:

- IAS 1 (Amendment), 'Presentation of financial statements'	(effective from January 2011)
- IAS 12 (Amendment), 'Income taxes'	(effective from January 2011)
- IAS 24 (Revised), 'Related party transactions'	(effective from January 2011)
- IAS 27 (Amendment), 'Consolidated and separate financial statements'	(effective from July 2010)
- IAS 28 (Amendment), 'Investments in associates'	(effective from July 2010)
- IAS 31 (Amendment), 'Interest in joint ventures'	(effective from July 2010)
- IFRS 1 (Amendment), 'First-time adoption of International Financial Reporting Standards'	(effective from January 2011)
- IFRS 3 (Amendment), 'Business combinations'	(effective from July 2010)
- IFRS 7 (Amendment), 'Financial instruments: Disclosures'	(effective from January 2011)
- IFRIC 4, 'Determining whether an arrangement contains a lease'	(effective from July 2010)
- IFRIC 13 (Amendment), 'Customer loyalty programmes'	(effective from January 2011)
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'	(effective from January 2011)
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'	(effective from January 2011)

4. Critical Accounting Estimates and Judgments

4.1 The preparation of this condensed interim financial information 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 judgments 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. The resulting accounting estimates will, by definition, seldom equal the related actual results, however, the differences are not expected to be significant.

4.2 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 applied to the annual audited financial statements of the Company for the year ended March 31, 2011.

Note	December 31, 2011 (Unaudited)	March 31, 2011 (Audited)
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(Rupees in '000)

5. Property, Plant and Equipment

Operating fixed assets	5.1	3,303,545	3,256,040
Capital work-in-progress		402,284	3,153
		<u>3,705,829</u>	<u>3,259,193</u>

5.1 Operating fixed assets

Book value at beginning of the period / year		3,256,040	3,160,666
Additions	5.2	460,003	612,701
Disposals, costing Rs. 160,456 thousand (March 31, 2011: Rs.190,733 thousand)			
- at book value	5.3	(45,655)	(54,041)
Depreciation		<u>(366,843)</u>	<u>(463,286)</u>
Book value at end of the period / year		<u>3,303,545</u>	<u>3,256,040</u>

December 31, **March 31,**
2011 **2011**
(Unaudited) **(Audited)**
(Rupees in '000)

5.2 Additions

Building on freehold land	3,270	8,231
Building on leasehold land	2,223	7,487
Plant and machinery	251,856	275,713
Dies and jigs	96,622	205,185
Factory equipment	18,520	6,690
Office equipment	891	1,967
Computers and accessories	3,868	14,272
Furniture and fixtures	1,005	1,506
Electric and gas fittings	31,784	22,716
Vehicles	49,964	68,934
	<u>460,003</u>	<u>612,701</u>

5.3 Disposals - at book value

Building on leasehold land	-	638
Plant and machinery	24,592	21,967
Dies and jigs	-	12,736
Factory equipment	82	2,097
Office equipment	-	2
Computers and accessories	27	494
Electric and gas fittings	10	965
Vehicles	20,944	15,142
	<u>45,655</u>	<u>54,041</u>

6. Stock-In-Trade

Raw materials and components	2,449,684	1,652,572
Work-in-process	62,412	10,112
Finished goods	243,779	199,834
Goods-in-transit	84,658	141,331
	<u>2,840,533</u>	<u>2,003,849</u>
Provision for slow moving stocks	(820)	(820)
	<u>2,839,713</u>	<u>2,003,029</u>

7. Trade Deposits and Prepayments

Includes prepayments of Rs. 88,604 thousand (March 31, 2011: Rs. 35,048 thousand) made during the period in respect of renewals of insurance policies, rental agreements and maintenance contracts.

December 31, **March 31,**
2011 **2011**
(Unaudited) **(Audited)**
(Rupees in '000)

8. Short-Term Investments

- at Fair Value Through Profit or Loss

Investments in mutual funds:		
Related parties	793,122	603,215
Others	637,998	735,259
	<u>1,431,120</u>	<u>1,338,474</u>

9. Share Capital

December 31, 2011 (Unaudited) (Number of shares)	March 31, 2011 (Audited)		December 31, 2011 (Unaudited) (Rupees in '000)	March 31, 2011 (Audited)
100,000,000	100,000,000	Authorized capital	1,000,000	1,000,000
		Ordinary shares of Rs. 10 each		
		Issued, subscribed and paid up capital		
62,552,206	54,393,223	Balance at beginning of the period / year	625,522	543,932
9,382,830	8,158,983	Issued ordinary shares of Rs.10 each as fully paid bonus shares	93,828	81,590
		Balance at end of the period / year	719,350	625,522
71,935,036	62,552,206			

10. Short-Term Finances

10.1 The Company has facilities for short-term running finance from various commercial banks under mark-up arrangements amounting to Rs. 2,865,000 thousand (March 31, 2011: Rs. 2,865,000 thousand). The facilities carry mark-up at the rate of Re. 0.3745 to Re. 0.4052 (March 31, 2011: Re. 0.3518 to Re. 0.4030) per thousand per day on daily product basis and are secured against pari passu joint-hypothecation charge over Company's stock-in-trade and trade debts upto a maximum of Rs. 4,058,000 thousand (March 31, 2011: Rs. 4,058,000 thousand). These facilities are expiring on various dates by March 31, 2012. The mark-up on running finance facilities is payable on quarterly basis. There is no availed balance outstanding against these facilities as at December 31, 2011.

10.2 The Company also has a facility for foreign currency finance and export re-finance amounting to Rs. 400,000 thousand (March 31, 2011: Rs. 400,000 thousand), secured against lien on export bills / contracts.

11. Contingencies and Commitments

11.1 Contingencies

There is no change in status of the contingencies as disclosed in Note 24.1 of the annual audited financial statements of the Company for the year ended March 31, 2011.

	December 31, 2011 (Unaudited) (Rupees in '000)	March 31, 2011 (Audited)
11.2 Outstanding bank guarantees	68,870	66,178

Guarantees are issued by commercial banks to Collector of Customs and Government institutions for imported raw materials and spare parts as part of normal operations.

11.3 Commitments

Confirmed letters of credit relating to:

Capital expenditure

Raw materials and components

December 31, 2011 (Unaudited)	March 31, 2011 (Audited)
89,714	29,763
704,166	1,227,898
<u>793,880</u>	<u>1,257,661</u>

Rentals under Ijarah arrangements:

Due within one year

Later than one year but not later than five years

57,707	38,485
96,348	86,644
<u>154,055</u>	<u>125,129</u>

Note	Three months period ended December 31,		Nine months period ended December 31,	
	2011	2010	2011	2010
	(Unaudited) (Rupees in '000)			

12. Cost of Sales

Finished goods at beginning of the period		277,874	178,784	199,834	147,920
Cost of goods manufactured	12.1	7,825,671	7,048,109	25,109,301	20,802,357
Purchases		498,896	623,510	1,366,639	1,217,942
		<u>8,324,567</u>	<u>7,671,619</u>	<u>26,475,940</u>	<u>22,020,299</u>
		8,602,441	7,850,403	26,675,774	22,168,219
Finished goods at end of the period		(243,779)	(197,308)	(243,779)	(197,308)
		<u>8,358,662</u>	<u>7,653,095</u>	<u>26,431,995</u>	<u>21,970,911</u>

12.1 Cost of goods manufactured

Work-in-process at beginning of the period		61,515	46,082	10,112	24,397
Raw materials and components consumed		6,517,520	5,906,439	21,115,994	17,492,622
Factory overheads		1,309,048	1,130,998	4,045,607	3,320,748
		<u>7,826,568</u>	<u>7,037,437</u>	<u>25,161,601</u>	<u>20,813,370</u>
		7,888,083	7,083,519	25,171,713	20,837,767
Work-in-process at end of the period		(62,412)	(35,410)	(62,412)	(35,410)
		<u>7,825,671</u>	<u>7,048,109</u>	<u>25,109,301</u>	<u>20,802,357</u>

13. Taxation

Current	93,935	121,603	324,264	321,584
Adjustments of prior years	-	-	(4,786)	-
Deferred	-	-	9,832	10,434
	<u>93,935</u>	<u>121,603</u>	<u>329,310</u>	<u>332,018</u>

14. Earnings Per Share

Basic and diluted earnings per share

Net profit after taxation	235,378	244,010	813,142	675,518
Weighted average number of ordinary shares outstanding for the period (note 9)	71,935,036	71,935,036	71,935,036	71,935,036

(Rupees)

	Restated	Restated	Restated	Restated
Basic and diluted earnings per share	3.27	3.39	11.30	9.39

**Nine months period ended
December 31,**

	2011	2010
Note	(Unaudited)	
	(Rupees in '000)	

15. Cash Generated from Operations

Net profit before taxation		1,142,452	1,007,536
Adjustments for non-cash charges and other items			
Depreciation of operating fixed assets	5.1	366,843	340,774
Amortization of intangible assets		1,463	6,017
Net change in fair value of 'investments at fair value through profit or loss'		(87,884)	(58,578)
Gain on sale of investments		(7,575)	(18,275)
Mark-up / interest on deposits		(83,324)	(93,673)
Mark-up / interest on short-term finances and long-term borrowings		2,127	69,345
Workers' Profit Participation Fund		61,438	54,110
Provision for compensated leave absences		38,400	33,521
Provision for gratuity		19,593	16,314
Gain on disposal of operating fixed assets		(4,458)	(172)
Working capital changes	15.1	(1,047,592)	132,823
		<u>401,483</u>	<u>1,489,742</u>

15.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools		(21,133)	(13,885)
Stock-in-trade		(836,684)	(1,056,194)
Trade debts		(32,372)	83,081
Loans and advances		(2,900)	2,806
Trade deposits and prepayments		(54,471)	(30,948)
Other receivables		(14,954)	(30,457)
		(962,514)	(1,045,597)

Increase / (decrease) in current liabilities:

Trade and other payables		(85,078)	1,178,420
		<u>(1,047,592)</u>	<u>132,823</u>

16. Financial Risk Management

16.1 This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2011. The Company's activities expose it to a variety of financial risks, which are (i) market risk (including foreign currency risk, interest rate risk and other price risk), (ii) credit risk and (iii) liquidity risk. There has been no significant change in Company's sensitivity to these risks since March 31, 2011, except for the (a) reduction of exposure from liquidity risk due to early repayment of borrowings and (b) general exposure due to fluctuations in foreign currency and interest rates. There have been no changes in the treasury department and risk management objectives and policies of the Company during the period.

16.2 Short-term investments of the Company, as given in note 8 are recognized at fair value and are placed at level 1 in the fair value measurement hierarchy, due to the reason that they are tradable at a quoted price in the active market. There were no significant changes in the business or economic circumstances during the period that would have affected the fair value of the financial assets of the Company. No reclassifications in the categories of financial assets have been made since March 31, 2011.

17. Transactions with Related Parties

Related parties comprise of associated companies, staff retirement funds / schemes, directors and other key management personnel. Details of the transactions carried out with related parties during the period are as follows:

Relationship	Nature of transactions	Nine months period ended December 31,	
		2011 (Unaudited) (Rupees in '000)	2010
Associated companies	Sale of goods	26,174	15,406
	Sale of services	1,605	1,603
	Sale of operating fixed assets	4,386	1,852
	Sale of investments	50,000	62,191
	Purchase of goods and services	4,062,398	4,286,274
	Purchase of operating fixed assets	33,976	26,482
	Purchase of investments	200,000	110,000
	Royalty	1,378,851	1,150,659
	Export commission	25,115	17,854
	Technical assistance fee	13,500	6,842
	Commission income earned	10,713	9,281
	Rent paid	59,708	47,491
	Insurance premium paid	186,407	141,035
	Insurance claims received	4,659	2,264
	Reimbursement of expenses - net	38,682	27,251
	Dividend paid	352,891	236,047
Donation paid	14,105	5,386	
Staff retirement funds / schemes	Contributions paid	34,737	24,876
Directors and other key management personnel	Remuneration and other benefits	71,812	69,047
Period / year end balances		December 31, 2011 (Unaudited) (Rupees in '000)	March 31, 2011 (Audited)
Trade and other payables		745,653	438,955

18. Date of Authorization For Issue

This condensed interim financial information was approved by the Board of Directors and authorized for issue on January 30, 2012.

19. Corresponding Figures

Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended March 31, 2011 and 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 of the immediately preceding financial year i.e. nine months period ended December 31, 2010. In addition, corresponding figures in the condensed interim profit and loss account also include balances of the three months period ended December 31, 2010. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, the effect of which is immaterial.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

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