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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hiromitsu Takasaki
Director

Hisao Kobayashi
Director

Kazuhisa Hirota
Director

Sanaullah Qureshi
Director

Tariq Amin
Director

Saqib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Abid Naqvi
Member

Tariq Amin
Member

Syed Tanvir Hyder
Head of Internal Audit

Umair Mukhtar
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Tariq Amin
Member

Saqib H. Shirazi
Member

Razi Ur Rehman
Secretary

Management Committee

Saqib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Hisao Kobayashi
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 Shujaiddin
General Manager Planning & Commercial

Shakil Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research & Development

Muhammad Noman Khan
General Manager Engineering & Projects

Company Information

Auditors

Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

Shares Registrar

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib 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, 4572898
Fax: (92-61) 4541690

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

House # 7, Atta Road, Canal Bank,
Rahim Yar Khan
Tel: (92-68) 5888809

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

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

Show Room

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

Spare Parts Division

Plot # F-4/Y, S.I.T.E, Karachi-75730
Tel : (92-21) 38200077

Warranty & Training Centres

* 28 Mozang Road, Lahore
Tel: (92-42) 36375360, 36303366

Azmat Wasti Road, Multan
Tel: (92-61) 4540028

* Customer Care services are also available at these locations.

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the nine months period ended December 31, 2014.

The Economy

The economy exhibited significant improvements during the first half of the year under review. Inflation recorded a multiyear low level of 6.08%. Workers' remittances rose to USD 8.9 billion, up by 15.3% over the same period of last year. Healthy remittances, receipts from issuance of Sukuks and disbursement of loan tranches from the IMF helped to increase forex reserves to over USD 15 billion. Resultantly, the Pak Rupee recovered some of its lost value against the US Dollar and appreciated by 2.1%. However, the strengthening of the Pak Rupee contributed to a slowdown in exports, which reduced by 2% mainly on account of weak global demand. On the other hand, the import bill started showing signs of the effects of declining oil prices. Resultantly, the current account deficit was contained to USD 2.3 billion.

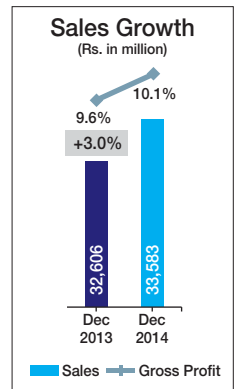
On the fiscal front, revenue collection improved to Rs. 1.2 trillion, up by 13.6% as compared to the same period of last year. The consistent improvement in economic indicators kept the momentum going in the capital markets. Accordingly, the KSE 100 index reached an all-time high level of 34,000 points. All these positive developments prompted the State Bank of Pakistan to reduce the discount rate by 150 bps to 8.5% pa.

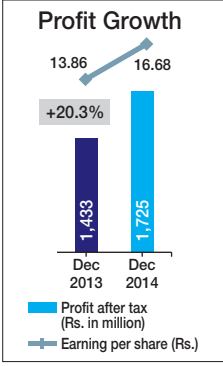
In the agriculture sector, improved yields were recorded in Kharif crops. It was achieved despite heavy rains and floods in Punjab and Upper Sindh. However, the unfavorable trend in the global commodity prices translated into suppressed end prices for the local farmers. These factors, coupled with rising input costs, led to constrained agricultural liquidity and affected the demand of two wheelers in the rural areas.

The LSM index recorded growth of 2.48% during 5M FY15. Iron, electronics, chemicals and leather sectors remained the major drivers. However, a delay in sugar crushing and low production of steel products partially neutralized the overall growth. For broad based expansion in the index, energy reforms and a stable law and order situation are imperative.

Operating Results

The Company remains committed to deliver on its long-term objectives of sustainable growth and value creation. This is being achieved through continued focus on operational excellence, product portfolio diversification, cost reduction and a strong capital structure. Accordingly, the Company posted revenue of Rs. 33.6 billion, an increase of 3.0% as compared to the corresponding period last year. Continued rationalization in the sales mix, favorable exchange rates, energy management and other operational improvement measures contributed to an increase in gross margins from 9.6% to 10.1%. Cost discipline limited the sales, marketing and administrative expenses to Rs. 1,279 million, recording a marginal





increase of 0.8%. Efficient treasury operations translated into improved investment income. Resultantly, other operating income, net of finance cost, was recorded at Rs. 380.0 million, which shows an encouraging 40.1% increase as compared to the corresponding period last year. The above factors enabled the Company to register its highest ever net profit before taxation of Rs. 2,345.8 million. Net profit after taxation was recorded at Rs. 1,724.5 million, an increase of 20.3% over the corresponding period. Earnings per Share (EPS) improved to Rs. 16.68 per share for the nine months period ended December 31, 2014 in comparison to Rs. 13.86 per share for the corresponding period last year.

Future Outlook

The economy is gradually moving towards a sustainable growth phase. Upcoming CSF inflows, strategic privatizations and rapidly falling international oil prices are expected to positively impact the external account. While risk to revenue collection exists amid the falling oil prices, it also presents an opportunity for the government to reduce energy subsidies and contain the budgetary deficit. However, successful fiscal consolidation requires continued commitment to long-term reforms, elimination of energy shortages and additional taxation measures to improve the tax to GDP ratio. Declining international commodity prices will continue to put pressure on the selling prices of agricultural commodities leaving an adverse effect on agricultural market liquidity. Supportive government counter-measures, in the form of higher agri-credit disbursements, and an increase in crop support prices, are therefore expected. These measures will help to increase the demand for two wheelers due to its role as the main source of motorized transportation in the rural areas.

The Company's decisive and systematic strategies, structures and culture are all aimed to grow shareholder value sustainably. Underpinned by the guiding principles of "The Atlas Way", the Company will continue to consistently outperform its previous best efforts to provide qualitative long-term growth.

ع خودی کو کر بلندا اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

(You get what you earn)

Acknowledgement

The Atlas Group takes great pride in its partnership with Honda Motor Company Limited and would like to acknowledge their continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - bankers, dealers, vendors, associates and shareholders for helping to build Atlas Honda Limited into a unique company.

Dated: January 30, 2015

Karachi

Yusuf H. Shirazi

Condensed Interim Balance Sheet

As at December 31, 2014

		(Unaudited) December 31, 2014	(Audited) March 31, 2014
	Note	----- (Rupees in '000) -----	
Assets			
Non-Current Assets			
Property, plant and equipment	5	4,989,041	4,552,816
Intangible assets		6,913	4,781
Long term investments	6	207,683	-
Long term loans and advances		27,285	26,396
Long term deposits		11,400	9,632
		<u>5,242,322</u>	<u>4,593,625</u>
Current assets			
Stores, spares and loose tools		428,796	400,424
Stock-in-trade		2,431,885	2,042,602
Trade debts		787,628	520,321
Loans and advances		38,666	35,305
Trade deposits and prepayments	7	123,595	50,679
Short term investments	8	3,736,727	3,691,241
Accrued mark-up / interest		19,764	11,130
Other receivables		13,596	4,666
Bank balances		2,393,875	2,843,738
		<u>9,974,532</u>	<u>9,600,106</u>
Non Current Assets Classified as Held for Sale	9	-	171,459
		<u>15,216,854</u>	<u>14,365,190</u>
Equity and Liabilities			
Equity			
Share capital		1,034,066	1,034,066
Reserves		7,569,712	6,879,247
		<u>8,603,778</u>	<u>7,913,313</u>
Non - Current Liabilities			
Compensated absences		208,527	192,042
Deferred taxation	10	571,711	637,558
		<u>780,238</u>	<u>829,600</u>
Current Liabilities			
Trade and other payables		5,709,232	5,577,694
Taxation - net		123,606	44,583
		<u>5,832,838</u>	<u>5,622,277</u>
		<u>6,613,076</u>	<u>6,451,877</u>
Contingencies and Commitments	11	<u>15,216,854</u>	<u>14,365,190</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 Nine Months Period Ended December 31, 2014

	Note	Quarter ended December 31,		Nine months period ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
Sales		11,730,269	11,110,263	33,583,015	32,605,737
Cost of sales	12	(10,537,320)	(10,082,277)	(30,176,904)	(29,490,441)
Gross profit		1,192,949	1,027,986	3,406,111	3,115,296
Sales and marketing expenses		(327,770)	(319,670)	(967,061)	(943,212)
Administrative expenses		(104,577)	(108,883)	(311,975)	(325,544)
Other income		150,923	112,525	386,298	277,562
Other operating expenses		(63,077)	(49,504)	(178,972)	(152,592)
Profit from operations		848,448	662,454	2,334,401	1,971,510
Finance cost		(1,309)	(2,117)	(6,253)	(6,335)
Share of profit of an Associated Company - net of tax		847,139	660,337	2,328,148	1,965,175
		8,066	-	17,683	-
Profit before taxation		855,205	660,337	2,345,831	1,965,175
Taxation		(233,526)	(180,262)	(621,300)	(531,788)
Profit after taxation		621,679	480,075	1,724,531	1,433,387
Other comprehensive income		-	-	-	-
Total comprehensive income		621,679	480,075	1,724,531	1,433,387
----- (Rupees) -----					
Basic and diluted earnings per share		6.01	4.64	16.68	13.86

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 Nine Months Period Ended December 31, 2014

	Note	Nine months period ended December 31,	
		2014	2013
----(Rupees in '000)----			
Cash Flows from Operating Activities			
Cash generated from operations	13	2,043,628	2,709,474
Income tax paid		(608,123)	(495,416)
Contributions made to gratuity fund		(23,452)	(26,371)
Compensated absences paid		(6,015)	(2,598)
Mark-up / interest received		108,056	125,008
Workers' profit participation fund paid		(144,583)	(118,931)
Workers' welfare fund paid		(50,355)	(44,096)
Long term loans and advances - net		(889)	(278)
Long term deposits - net		(1,768)	201
Net cash generated from operating activities		1,316,499	2,146,993
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(993,014)	(614,814)
Proceeds from sale of property, plant and equipment		65,781	17,491
Investments acquired		(3,733,470)	(2,049,571)
Proceeds from sale of investments		3,919,901	700,000
Net cash used in investing activities		(740,802)	(1,946,894)
Cash Flows from Financing Activities			
Dividend paid		(1,025,560)	(610,304)
Net decrease in cash and cash equivalents		(449,863)	(410,205)
Cash and cash equivalents at beginning of the period		2,843,738	2,739,988
Cash and cash equivalents at end of the period		2,393,875	2,329,783

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 Nine Months Period Ended December 31, 2014

(Rupees in '000)

	Capital Reserves		Revenue Reserves		Total	
	Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit		
Balance as at April 1, 2013	827,253	39,953	165	4,072,000	1,589,806	6,529,177
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognised directly in equity						
Bonus shares issued during the year in ratio of 1 share for every 4 shares held	206,813	-	-	-	(206,813)	-
Final dividend for the year ended March 31, 2013 at the rate of Rs.7.50 per share	-	-	-	-	(620,440)	(620,440)
	206,813	-	-	-	(827,253)	(620,440)
Total comprehensive income for the nine months period ended December 31, 2013						
Profit for the period	-	-	-	-	1,433,387	1,433,387
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,433,387	1,433,387
Balance as at December 31, 2013	1,034,066	39,953	165	4,702,000	1,565,940	7,342,124
Total comprehensive income for the three months period ended March 31, 2014						
Profit for the period	-	-	-	-	568,173	568,173
Other comprehensive income	-	-	-	-	3,016	3,016
	-	-	-	-	571,189	571,189
Balance as at March 31, 2014	1,034,066	39,953	165	4,702,000	2,137,129	7,913,313
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended March 31, 2014 at the rate of Rs.10 per share	-	-	-	-	(1,034,066)	(1,034,066)
Total comprehensive income for the nine months period ended December 31, 2014						
Profit for the period	-	-	-	-	1,724,531	1,724,531
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	1,724,531	1,724,531
Balance as at December 31, 2014	1,034,066	39,953	165	5,332,000	2,197,594	8,603,778

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 Nine Months Period Ended December 31, 2014

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. 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, 2014.

3. Accounting Policies

The 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, 2014 except as follows:

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on April 1, 2014. The adoption of these new and amended standards did not have any effect on this 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 and assumptions. 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 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 audited annual financial statements for the year ended March 31, 2014.

	(Unaudited) December 31, 2014	(Audited) March 31, 2014
Note	-----	-----
	(Rupees in '000)	-----

5. Property, Plant and Equipment

Operating fixed assets	5.1	4,688,652	4,406,665
Capital work-in-progress		300,389	146,151
		<u>4,989,041</u>	<u>4,552,816</u>

	(Unaudited) December 31, 2014	(Audited) March 31, 2014
Note	------(Rupees in '000)-----	
5.1 Operating fixed assets		
Book value at beginning of the period / year	4,406,665	4,385,058
Additions during the period / year	5.2 833,301	873,993
Disposals costing Rs.207,316 thousand (March 31, 2014: Rs.302,729 thousand) - at book value	(69,567)	(43,645)
Assets classified as held for sale and assets transferred to inventories	-	(173,471)
Depreciation charge for the period / year	(481,747)	(635,270)
Book value at end of the period / year	<u>4,688,652</u>	<u>4,406,665</u>
5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:		
Buildings on freehold land	20,509	116,608
Buildings on leasehold land	4,633	17,232
Plant and machinery	601,867	373,589
Dies and jigs	105,062	180,295
Factory equipment	10,357	33,422
Office equipment	1,115	5,742
Computers and accessories	2,989	18,291
Furniture and fixtures	16,059	6,250
Electric and gas fittings	10,963	48,123
Vehicles	59,747	74,441
	<u>833,301</u>	<u>873,993</u>
6. Long Term Investments - Unquoted		
Associated Company - equity basis		
Atlas Hitec (Private) Limited		
19,000,000 (March 31, 2014:Nil) ordinary shares of Rs.10 each - cost	6.1 190,000	-
Equity held: 29.23% (March 31, 2014:Nil)		
Add: share post acquisition profit - net of tax	6.2 17,683	-
	207,683	-
Others - available for sale		
Arabian Sea Country Club Limited		
200,000 ordinary shares of Rs.10 each - cost	2,000	2,000
Less: Impairment in the value of investment	2,000	2,000
	-	-
Automotive Testing & Training Centre (Private) Limited		
50,000 ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	<u>207,683</u>	<u>-</u>

6.1 The Company, during the period, acquired nineteen million ordinary shares of Rs.10 each of Atlas Hitec (Private) Limited [an Associated Company] against consideration of its fixed assets as detailed in note 9 to the condensed interim financial information.

6.2 This figure is based on unaudited interim financial information of the investee company as at December 31, 2014.

7. Trade Deposits and Prepayments

Include prepayments of Rs.118,871 thousand (March 31, 2014: Rs.47,645 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

(Unaudited) December 31, 2014	(Audited) March 31, 2014
----- (Rupees in '000) -----	

8. Short Term Investments

- at fair value through profit or loss

Investments in units of mutual funds:

- Related parties
- Others

3,070,111	3,065,862
666,616	625,379
<u>3,736,727</u>	<u>3,691,241</u>

9. Non Current Assets Classified as Held for Sale

Last year the Company entered into an agreement with Denso Corporation and Atlas Autos (Private) Limited (an Associated Company) to form a company named Atlas Hitec (Private) Limited [AHTL] and according to that agreement, AHTL will issue its ordinary shares to the Company in consideration of its operating fixed assets. The Company, during the period, has received nineteen million ordinary shares of Rs.10 each of AHTL against its fixed assets having book value of Rs.171,459 thousand. Gain amounting Rs.18,541 thousand has been recognised in 'Other income'.

10. Deferred Taxation

As at December 31, 2014, deferred tax asset / liability on the deductible / taxable temporary differences has been recognised at the rate of 33%, being the rate substantively enacted at the reporting date and is expected to apply to the periods when the asset is realized or the liability is settled.

11. Contingencies and Commitments

11.1 Contingencies

11.1.1 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, 2014.

(Unaudited) December 31, 2014	(Audited) March 31, 2014
----- (Rupees in '000) -----	

11.1.2 Guarantees issued by banks on behalf of the Company

<u>274,797</u>	<u>165,735</u>
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	(Unaudited) December 31, 2014	(Audited) March 31, 2014
	----- (Rupees in '000) -----	
11.2 Commitments		
11.2.1 Commitments in respect of:		
- capital expenditure, raw materials and components through confirmed letters of credit	623,517	849,291
- capital expenditure other than letters of credit	56,149	81,623
11.2.2 Aggregate commitments for ijarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:		
	(Unaudited) December 31, 2014	(Audited) March 31, 2014
	----- (Rupees in '000) -----	
Not later than 1 year	37,290	20,856
Over 1 year and no later than 5 years	28,478	30,976
	65,768	51,832

	Note	(Unaudited)			
		Quarter ended December 31,		Nine months period ended December 31,	
		2014	2013	2014	2013
----- (Rupees in '000) -----					
12. Cost of Sales					
Opening stock of finished goods		367,341	336,011	311,075	250,247
Cost of goods manufactured	12.1	9,777,593	9,479,163	28,064,254	28,020,528
Purchases		704,139	606,000	2,113,328	1,558,563
		10,481,732	10,085,163	30,177,582	29,579,091
		10,849,073	10,421,174	30,488,657	29,829,338
Closing stock of finished goods		(311,753)	(338,897)	(311,753)	(338,897)
		10,537,320	10,082,277	30,176,904	29,490,441
12.1 Cost of goods manufactured					
Opening stock of work-in-process		40,839	47,028	4,549	6,587
Raw materials and components consumed		8,218,323	7,854,970	23,434,878	23,346,809
Factory overheads		1,582,700	1,624,414	4,689,096	4,714,381
		9,801,023	9,479,384	28,123,974	28,061,190
		9,841,862	9,526,412	28,128,523	28,067,777
Closing stock of work-in-process		(64,269)	(47,249)	(64,269)	(47,249)
		9,777,593	9,479,163	28,064,254	28,020,528

	Note	(Unaudited)	
		Nine months period ended	
		December 31,	
		2014	2013
		------(Rupees in '000)-----	
13. Cash Generated from Operations			
Profit before taxation		2,345,831	1,965,175
Adjustments for non-cash charges and other items:			
Depreciation		481,747	474,514
Amortization of intangible assets		3,343	3,052
Provision for compensated absences		22,500	31,131
Provision for gratuity		20,017	16,467
Mark-up / interest on savings accounts and term deposit receipts		(116,690)	(121,323)
Gain on sale of investments		(59,692)	(14,920)
Net change in fair value of investments at fair value through profit or loss		(172,225)	(109,827)
Gain on disposal of non current assets classified as held for sale		(18,541)	-
Workers' profit participation fund		125,838	105,888
Workers' welfare fund		47,819	40,238
Loss on disposal of operating fixed assets		3,786	4,936
Share of profit of an Associated Company		(17,683)	-
Working capital changes	13.1	(622,422)	314,143
		<u>2,043,628</u>	<u>2,709,474</u>
13.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(28,372)	20,743
- Stock-in-trade		(389,283)	(484,136)
- Trade debts		(267,307)	163,060
- Loans and advances		(3,361)	(989)
- Trade deposits and prepayments		(72,916)	(54,490)
- Other receivables		(8,930)	(2,359)
		(770,169)	(358,171)
Increase in trade and other payables		147,747	672,314
		<u>(622,422)</u>	<u>314,143</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 statement for the year ended March 31, 2014.

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) Nine months period ended December 31,	
		2014	2013
------(Rupees in '000)-----			
(i) Associates	Sales of:		
	- goods and services	583,815	156,743
	- operating fixed assets	26,224	1,748
	- non current assets classified as held for sale	190,000	-
	Purchases of:		
	- goods and services	6,369,238	3,880,255
	- operating fixed assets	28,203	29,201
	- intangible assets	-	3,239
	Sale of units in mutual funds	3,265,343	500,000
	Purchase of units in mutual funds	3,079,971	1,850,000
	Investments made	190,000	-
	Royalty	1,514,092	1,560,266
	Export commission	3,027	3,426
	Technical assistance fee	6,738	14,894
	Commission income	2,324	5,741
	Rent	79,221	74,411
	Insurance premium paid	182,232	178,824
	Insurance claims received	6,805	15,242
	Reimbursement of expenses - net	2,417	2,417
	Dividend paid	933,447	538,498
	Donation paid	26,894	22,076
------(Numbers of shares)-----			
	Bonus shares issued	-	17,949,922
------(Rupees in '000)-----			
(ii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	60,423	61,192
(iii) Key management personnel	Salaries and other short term employment benefits	81,263	74,537

	(Unaudited) December 31, 2014	(Audited) March 31, 2014
------(Rupees in '000)-----		

15.2 Period / year end balances are as follows:

Receivables from related parties

Capital work-in-progress	-	5,158
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Payables to related parties

Trade and other payables	98,084	557,017
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These are in the normal 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, 2014 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the nine months period ended December, 31, 2013.

17. Date of Authorization for Issue

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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