



Atlas Battery

Half Yearly Report
December 31, 2015

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COMPANY INFORMATION

Board of Directors

Yusuf H. Shirazi
Chairman

Ariful Islam
Director

Bashir Makki
Director

Frahim Ali Khan
Director

Kamal A. Chinoy
Director

Toru Furuya
Director

Ali H. Shirazi
President / Chief Executive

Rizwan Ahmed
Company Secretary

Audit Committee

Frahim Ali Khan
Chairman

Bashir Makki
Member

Kamal A. Chinoy
Member

M. Rizwan Jamil
Secretary & Head of Internal Audit

Human Resource and Remuneration Committee

Bashir Makki
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Ahmar Waheed
Secretary

Management Committee

Ali H. Shirazi
President / Chief Executive

Talha Saad
Managing Director

Mohsin Khan
General Manager Marketing

Muhammad Iqbal
General Manager Supply Chain

Muhammad Jamil Awan
General Manager Quality Assurance

Ahmar Waheed
General Manager Human Resource

Mansoor Jamil Khan
General Manager Engineering & Projects

Nehal Asghar
General Manager Plants

Qasim Imran Khan
General Manager Information Technology

Rizwan Ahmed
Chief Financial Officer & Company Secretary

Adeel Sartaj
Manager Quality Assurance

COMPANY INFORMATION

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Agha Faisal Barrister at Law
Mohsin Tayebaly & Co.

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Allied Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
United Bank Limited

Share Registrar

Hameed Majeed Associates (Pvt) Limited
Karachi Chambers, Hasrat Mohani Road,
Karachi.
Tel: (021) 32424826 & 32412754
Fax: (021) 32424835
E-mail: shares@hmaconsultants.com.pk

Registered Office & Factory

D-181, Central Avenue, S.I.T.E.,
Karachi-75730
Tel: (021) 32567990-94
Fax: (021) 32564703

Zonal Office Karachi

4-C, Khayaban-e-Tanzeem,
Tauheed Commercial,
Phase V, D.H.A., Karachi
Tel: (021) 35877911-15
Fax: (021) 35877916

Sukkur Office

F-33/4, Barrage Colony,
Workshop Road, Sukkur
Tel: (071) 5612532
Fax: (071) 5612532

Zonal Office Lahore

Plaza No. 68/1, XX-Block,
Khayaban-e-Iqbal, Phase 3,
D.H.A, Lahore
Tel: (042) 37186388-90
Fax: (042) 37186391

Faisalabad Office

54-Chenab Market,
Madina Town, Faisalabad
Tel: (041) 8713127
Fax: (041) 8726628

Multan Office

Azmat Wasti Road,
Chowk Dera Adda, Multan-60000
Tel: (061) 4548017

Peshawar Office

Ground Floor, Zeenat Plaza,
Near General Bus Stand,
G.T. Road, Peshawar
Tel: (091) 2262485

Islamabad Office

Plot No. 23, Ground Floor,
Sector I-11/3, Near Nescom
Islamabad
Tel: (051) 4863962-63

Sahiwal Office

647-V-7, Al-Hilal Building,
Nishter Road, Sahiwal-57000
Tel: (040) 4461539

Company Website

www.atlasbattery.com.pk

Email Address

abl@atlasbattery.com.pk

CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited condensed interim results of your Company for the half year ended December 31, 2015.

ECONOMY

Pakistan's economic indicators continued to exhibit improvement in the 1st half of the current fiscal year. The inflationary environment stayed benign, large scale manufacturing (LSM) gained traction and fiscal consolidation remained on track. GDP growth of 4.5% looks achievable in FY 2015-16. The up-tick in economic activity appears to be sustainable on the back of energy and infrastructure projects under China Pakistan Economic Corridor (CPEC). LSM grew by 4.4% during July-November 2015 as compared to 3.1% in the corresponding period last year. Therefore, there is anticipation of higher economic activity in FY 2015-16 which is expected to boost credit off-take. CPI inflation continues to follow a downward trajectory and stands at 2.1% for 1st half of FY 2015-16 as compared to 4.5% in FY 2014-15 mainly due to falling international oil prices. Pak Rupee depreciated by 3.0% against US Dollar during the period under review. Foreign remittances grew to US\$ 9.7 billion during July-December 2015, up 6.3% as compared to US\$ 9.2 billion in the corresponding period last year. Exports decreased to US\$ 10.8 billion during July-December 2015, down by 11.0% as compared to US\$ 12.2 billion in the corresponding period last year. Imports decreased to US\$ 19.9 billion during July-December 2015, down by 10.0% as compared to US\$ 22.1 billion in the corresponding period last year. These factors culminated in a current account deficit of US\$ 9.1 billion, down by 8.7% as compared to US\$ 9.9 billion in the corresponding period last year.

OPERATING RESULTS

During 2nd quarter, your Company achieved net sales revenue of Rs.3,042 million as compared to Rs.3,550 million for the same quarter of last year, decrease of 14.3%. This is due to sluggish demand of batteries in the replacement market coupled with the surplus supply of batteries by all battery manufacturers. Decrease in raw material prices brought down the cost of sales from Rs.3,044 million to Rs.2,460 million for the same quarter, down by 19.2%. Gross profit ratio stood at 19.1% as compared to 14.3% in the corresponding quarter of last year.

Operating expenses at Rs.182 million increased by Rs.34 million as compared to Rs.148 million in the corresponding quarter of last year. Other income stood at Rs.4 million as compared to Rs.25 million in the corresponding quarter of last year. This decrease was mainly due to the poor performance of the stock market which consequently affected the returns of equity mutual funds. Profit from operations increased to Rs.389 million from Rs.359 million, up 8.3%. Finance cost decreased to Rs.26 million from Rs.52 million, down by Rs.26 million as compared to corresponding quarter.

Thus, profit before tax for 2nd quarter of FY 2015-16 stood at Rs.363 million as compared to Rs.306 million in the corresponding quarter of last year, up 18.4%. After providing Rs.106 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.257 million as compared to Rs.209 million, up 23.1%. Earnings per share for the quarter improved from Rs.11.98 to Rs.14.75 for the same period.

For the 1st half of FY 2015-16, net sales revenue at Rs.6,917 million remained at par for the same period last year. However, cost of sales decreased by 4.3% as against corresponding period of last year. This put a favourable impact on gross profit ratio which increased to 17.3% as against 13.4% of corresponding period of last year. Resultantly, in absolute amount, it improved to Rs.1,195 million from Rs.923 million, up 29.5%.

Operating profit for six months improved to Rs.751 million from Rs.614 million, up 22.5% as compared to same period last year. Finance cost reduced by Rs.53 million as compared to same period last year. Thus, profit before tax for six months was Rs.713 million as compared to Rs.522 million in the corresponding period of last year, up 36.4%. After tax profit was Rs.508 million as against Rs.366 million during the same period last year and earnings per share improved to Rs.29.22 as against Rs.21.02, up 39.0%.

FUTURE OUTLOOK

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During 1st half of FY 2015-16, sales of locally manufactured cars, trucks, buses, etc. increased by 40.6% to 126,740 units from 90,167 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) witnessed growth of 24.8% to 517,894 units from 414,920 units during the corresponding period last year. This situation for OEM sector is likely to prevail during the remaining period of FY 2015-16.

Contrarily, replacement market is likely to witness sluggish demand, excess supply and stiff competition in the 3rd quarter of FY 2015-16. However, the management of your Company is determined to become more efficient through curbing costs, maintaining quality of product and service meanwhile also focusing on growth in sales for improved market penetration. This will result in substantial improvement in financial performance and growth of your Company. The emphasis will be on continuous improvement in human resource capabilities and value addition for shareholders. I am sure your Company will continue to focus on productivity while meeting customers' need with improved quality by following the principles of "The Atlas Way":

خدا رحمت کند ایس عاشقان پاک طینت را

(God blesses the blissful)

ACKNOWLEDGEMENTS

I would like to thank our JV Partners GS Yuasa International Limited; Japan, Board of Directors, our bankers, shareholders, vendors and customers for their continuous support and guidance. I also thank Mr. Ali H. Shirazi; President and Chief Executive of your Company and the management team for their dedication and commitment to achieve sustained growth year after year.



Yusuf H. Shirazi
Chairman

Karachi: February 22, 2016

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Atlas Battery Limited as at December 31, 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 for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 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 December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed J. Chaudhri c/o.

SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
Karachi: February 22, 2016

Engagement Partner: Muhammad Ali

a member firm of *ShineWing* International

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2015

	Note	Unaudited December 31, 2015 ----- (Rupees in '000) -----	Audited June 30, 2015 -----
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,071,650	1,994,955
Intangible assets		7,813	10,743
Investments		-	-
Long term loans		1,054	1,103
Long term deposits		13,777	13,777
		<u>2,094,294</u>	<u>2,020,578</u>
Current assets			
Stores, spares and loose tools		156,413	110,788
Stock-in-trade	6	1,820,416	1,608,783
Trade debts	7	1,095,005	131,810
Loans and advances		8,832	27,727
Deposits and prepayments	8	116,477	11,361
Investments	9	972,883	918,737
Other receivables		2,602	8,913
Taxation - net		274,438	481,100
Cash and bank balances	10	231,010	78,318
		<u>4,678,076</u>	<u>3,377,537</u>
Total assets		<u><u>6,772,370</u></u>	<u><u>5,398,115</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital 50,000,000 (June 30, 2015: 50,000,000) Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital 17,399,769 (June 30, 2015: 17,399,769) Ordinary shares of Rs. 10 each		173,998	173,998
General reserve		2,827,500	2,027,500
Unappropriated profit		518,820	1,019,277
Total equity		<u>3,520,318</u>	<u>3,220,775</u>
Surplus on revaluation of leasehold land		193,886	193,886
Liabilities			
Non current liabilities			
Staff retirement benefits		65,628	60,226
Deferred taxation		193,254	208,181
		<u>258,882</u>	<u>268,407</u>
Current liabilities			
Trade and other payables		872,927	910,253
Sales tax payable - net		91,748	86,647
Accrued mark-up		20,112	8,384
Short term borrowings	11	1,814,497	709,763
		<u>2,799,284</u>	<u>1,715,047</u>
Total liabilities		<u>3,058,166</u>	<u>1,983,454</u>
Contingencies and commitments	12		
Total equity and liabilities		<u><u>6,772,370</u></u>	<u><u>5,398,115</u></u>

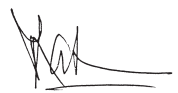
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Sales - net		3,042,133	3,549,577	6,917,184	6,898,692
Cost of sales	13	(2,460,251)	(3,043,657)	(5,721,838)	(5,975,894)
Gross profit		581,882	505,920	1,195,346	922,798
Distribution cost		(109,894)	(94,941)	(229,109)	(185,879)
Administrative expenses		(71,800)	(52,886)	(137,531)	(103,542)
Other income		3,947	24,982	50,699	45,855
Other expenses		(15,628)	(24,281)	(128,052)	(65,662)
Profit from operations		388,507	358,794	751,353	613,570
Finance cost		(25,823)	(52,496)	(38,690)	(91,264)
Profit before taxation		362,684	306,298	712,663	522,306
Taxation	14	(106,074)	(97,766)	(204,323)	(156,640)
Profit after taxation		256,610	208,532	508,340	365,666
Other comprehensive income		-	-	-	-
Total comprehensive income		256,610	208,532	508,340	365,666
----- (Rupees) -----					
Basic and diluted earnings per share		14.75	11.98	29.22	21.02


The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended	
	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	712,663	522,306
Adjustments for non-cash charges and other items:		
Depreciation of operating fixed assets	97,033	72,462
Amortisation of intangible assets	2,930	704
Provision for gratuity	3,517	3,620
Provision for compensated leave absences	6,648	9,073
Gain on sale of investments	-	(6,207)
Dividend income	(45,795)	(1,876)
Net change in fair value of investments at fair value through profit or loss	53,154	(30,030)
Loss / (gain) on sale of operating fixed assets	6,745	(950)
Provision for doubtful debts	3,922	-
Finance cost	38,690	91,264
Mark-up income	(52)	-
Operating profit before working capital changes	879,455	660,366
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(45,625)	(16,810)
Stock-in-trade	(211,633)	21,247
Trade debts	(967,117)	(482,589)
Loans and advances	18,895	(52,150)
Deposits and prepayments	(105,116)	(90,592)
Other receivables	6,311	4,069
	(1,304,285)	(616,825)
Increase / (decrease) in current liabilities:		
Trade and other payables	(28,017)	121,686
Sales tax payable - net	5,101	14,193
	(22,916)	135,879
	(1,327,201)	(480,946)
Cash (used in) / generated from operations	(447,746)	179,420
Finance cost paid	(26,962)	(64,144)
Mark-up income received	52	-
Income taxes paid (including tax deducted at source)	(12,588)	(234,194)
Gratuity paid	(12,664)	(26,104)
Compensated leave absences paid	(1,273)	(443)
Long term loans - net	49	139
Long term deposits - net	-	85
	(53,386)	(324,661)
Net cash used in operating activities c/f	(501,132)	(145,241)

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended	
	December 31, 2015	December 31, 2014
	----- (Rupees in '000) -----	
Net cash used in operating activities b/f	(501,132)	(145,241)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(196,601)	(318,850)
Proceeds from sale of property, plant and equipment	16,128	9,514
Investments acquired	(107,300)	(6,407)
Proceeds from sale of investments	-	305,457
Dividend received	45,795	1,876
Net cash used in investing activities	(241,978)	(8,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	1,104,734	512,889
Dividend paid	(208,932)	(174,794)
Net cash generated from financing activities	895,802	338,095
Net increase in cash and cash equivalents	152,692	184,444
Cash and cash equivalents - at beginning of the half year	78,318	6,089
Cash and cash equivalents - at end of the half year	231,010	190,533

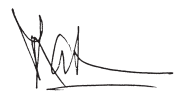
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Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Issued, subscribed and paid up capital	General reserve	Unappro- priated profit	Total
----- (Rupees in '000) -----				
Balance as at July 1, 2014	173,998	1,477,500	733,068	2,384,566
Transfer to general reserve	-	550,000	(550,000)	-
Transactions with owners				
Cash dividend for the year ended June 30, 2014 at the rate of Rs.10 per share	-	-	(173,998)	(173,998)
Total comprehensive income for the half year ended December 31, 2014				
Profit for the period	-	-	365,666	365,666
Other comprehensive income	-	-	-	-
	-	-	365,666	365,666
Balance as at December 31, 2014	173,998	2,027,500	374,736	2,576,234
Total comprehensive income for the period ended June 30, 2015				
Profit for the period	-	-	648,258	648,258
Other comprehensive loss	-	-	(3,717)	(3,717)
	-	-	644,541	644,541
Balance as at June 30, 2015	173,998	2,027,500	1,019,277	3,220,775
Transfer to general reserve	-	800,000	(800,000)	-
Transaction with owners				
Cash dividend for the year ended June 30, 2015 at the rate of Rs.12 per share	-	-	(208,797)	(208,797)
Total comprehensive income for the half year ended December 31, 2015				
Profit for the period	-	-	508,340	508,340
Other comprehensive income	-	-	-	-
	-	-	508,340	508,340
Balance as at December 31, 2015	173,998	2,827,500	518,820	3,520,318

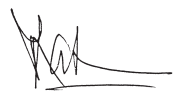
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges (Pakistan Stock Exchange Limited with effect from January 11, 2016). The Company is engaged in manufacturing and sale of automotive and motorcycle batteries. The registered office and manufacturing facilities are located at D-181, Central Avenue, S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar and Sukkur.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2015 is un-audited 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 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2015.

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 June 30, 2015.

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2015. These considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing 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 for the year ended June 30, 2015.

	Note	Un-audited December 31, 2015 ---- (Rupees in '000) ----	Audited June 30, 2015
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,927,815	1,894,974
Capital work-in-progress	5.5	143,835	99,981
		<u>2,071,650</u>	<u>1,994,955</u>
5.1 Operating fixed assets			
Net book value at beginning of the period / year		1,894,974	1,383,865
Additions during the period / year	5.2	152,747	667,997
Revaluation of leasehold land during the preceding period		-	20,100
Disposals and write-offs, costing Rs.35,516 thousand (June 30, 2015: Rs.41,004 thousand) - at net book value	5.3	(22,873)	(17,767)
Depreciation charged during the period / year		(97,033)	(159,221)
Net book value at end of the period / year		<u>1,927,815</u>	<u>1,894,974</u>
5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:			
Buildings on leasehold land		-	162,332
Plant and machinery		113,547	440,214
Office equipment		1,226	5,941
Computer and accessories		2,601	9,875
Furniture and fixtures		880	6,860
Air conditioners		1,025	3,518
Vehicles		33,468	39,257
		<u>152,747</u>	<u>667,997</u>
5.3 Disposals and write-offs during the period / year:			
Plant and machinery		12,134	2,511
Computers and accessories		-	133
Furniture and fixtures		-	18
Air conditioners		520	133
Vehicles		10,219	14,972
		<u>22,873</u>	<u>17,767</u>
5.4 Plant and machinery includes certain dies and moulds having cost aggregating Rs.83,074 thousand (June 30, 2015: Rs.77,923 thousand) and net book value of Rs. 55,326 thousand (June 30, 2015: Rs.53,085 thousand) which are held by various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.			

	Un-audited December 31, 2015 ---- (Rupees in '000) ----	Audited June 30, 2015
5.5 Capital work-in-progress		
Leasehold land	-	2,275
Buildings on leasehold land	77,546	38,282
Plant and machinery	57,689	57,759
Office equipment	172	721
Furniture and fixtures	8,428	944
	<u>143,835</u>	<u>99,981</u>
6. STOCK-IN-TRADE		
Raw materials and components:		
- in hand	918,787	840,804
- with third parties	45,485	35,290
	<u>964,272</u>	<u>876,094</u>
Work-in-process	369,739	541,194
Finished goods	413,031	80,684
Goods in transit	73,374	110,811
	<u>1,820,416</u>	<u>1,608,783</u>
7. TRADE DEBTS - Unsecured		
Consider good		
Associated Companies	74,445	77,603
Others	1,020,560	54,207
	<u>1,095,005</u>	<u>131,810</u>
Consider doubtful		
Others	6,855	2,933
	<u>1,101,860</u>	<u>134,743</u>
Provision for doubtful debts	(6,855)	(2,933)
	<u>1,095,005</u>	<u>131,810</u>
8. DEPOSITS AND PREPAYMENTS		
Include prepayments of Rs.104,932 thousand (June 30, 2015: Rs.4,648 thousand) in respect of renewals of insurance policies and rental agreements.		
	Un-audited December 31, 2015 ---- (Rupees in '000) ----	Audited June 30, 2015
9. INVESTMENTS - at fair value through profit or loss		
Investments in units of mutual funds:		
- Related parties	902,843	857,687
- Others	70,040	61,050
	<u>972,883</u>	<u>918,737</u>

Note	Un-audited December 31, 2015	Audited June 30, 2015
	---- (Rupees in '000) ----	

10. CASH AND BANK BALANCES

Cash in hand		30	-
Balances with banks on current accounts		6,467	34,506
Cheques / pay orders / demand drafts in hand	10.1	224,513	43,812
		231,010	78,318
		231,010	78,318

10.1 Represents banking instruments received by the Company from dealers at regional offices in respect of sales but not deposited in the Company's bank account till reporting date.

Un-audited December 31, 2015	Audited June 30, 2015
---- (Rupees in '000) ----	

11. SHORT TERM BORROWINGS - Secured

Running finances / musharakah	1,064,497	709,763
Demand finances	750,000	-
	1,814,497	709,763
	1,814,497	709,763

11.1 Short term borrowings include Rs.643,586 thousand (June 30, 2015: Rs.554,864 thousand) payable to Meezan Bank Limited - an Associated Company.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no significant change in the status of contingencies as reported in note 25.1 to the preceding audited annual financial statements of the Company for the year ended June 30, 2015.

Un-audited December 31, 2015	Audited June 30, 2015
---- (Rupees in '000) ----	

12.2 Outstanding bank guarantees

60,162	53,662
60,162	53,662

12.3 Commitments

In respect of confirmed letters of credit relating to:

- raw materials, stores, spares and loose tools	351,080	355,768
- capital expenditure	23,951	29,890

In respect of capital expenditure other than through letters of credit

155,595	143,737
530,626	529,395
530,626	529,395

Note	----- Unaudited -----			
	Quarter ended		Half year ended	
	December 31,		December 31,	
	2015	2014	2015	2014
----- (Rupees in '000) -----				

13. COST OF SALES

Opening stock of finished goods	199,104	273,645	80,684	111,728
Cost of goods manufactured 13.1	2,621,592	2,842,368	5,749,102	5,708,929
Purchases during the period	52,586	141,595	305,083	369,188
	<u>2,873,282</u>	<u>3,257,608</u>	<u>6,134,869</u>	<u>6,189,845</u>
Closing stock of finished goods	413,031	213,951	413,031	213,951
	<u>2,460,251</u>	<u>3,043,657</u>	<u>5,721,838</u>	<u>5,975,894</u>

13.1 Cost of goods manufactured

Opening work-in-process	542,563	604,991	541,194	517,413
Raw materials and components consumed	1,850,777	2,188,556	4,256,811	4,556,704
Factory overheads	597,991	622,812	1,320,836	1,208,803
	<u>2,448,768</u>	<u>2,811,368</u>	<u>5,577,647</u>	<u>5,765,507</u>
	<u>2,991,331</u>	<u>3,416,359</u>	<u>6,118,841</u>	<u>6,282,920</u>
Closing work-in-process	369,739	573,991	369,739	573,991
	<u>2,621,592</u>	<u>2,842,368</u>	<u>5,749,102</u>	<u>5,708,929</u>

14. TAXATION

Current year	99,600	74,679	225,536	134,385
Adjustments for prior year	(6,286)	(1,491)	(6,286)	(1,491)
Deferred	12,760	24,578	(14,927)	23,746
	<u>106,074</u>	<u>97,766</u>	<u>204,323</u>	<u>156,640</u>

15. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2015.

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

16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

	----- Unaudited ----- Half year ended December 31, 2015 2014 ---- (Rupees in '000) ----	
Associated Companies		
Sale of:		
- goods and services	706,237	706,053
- operating fixed assets	1,771	-
Purchases of:		
- goods and services	3,854,837	2,569,252
- operating fixed assets	63,134	65,018
Rent / service charges	176,633	150,737
Mark-up on short term borrowings	15,845	18,390
Mark-up paid	8,842	5,469
Reimbursement of expenses - net	527	1,559
Insurance premium	88,408	108,279
Insurance claims	11,025	13,643
Purchase of units in mutual funds	100,000	6,407
Sale of units in mutual funds	-	305,457
Dividend paid	161,700	134,750
Dividend received	45,795	1,876
Royalty and Technical fees	70,280	65,011
Donation paid	14,807	10,228
Contribution to pension funds	4,638	3,446
Other related parties		
Contribution paid to		
- gratuity fund	12,536	26,104
- provident fund	3,402	3,305
Salaries and other short term employment benefits to key management personnel	49,153	41,122

16.2 Period / year end balances of related parties other than disclosed any where else are as follows:

	----- Unaudited ----- Half year ended December 31, 2015 2014 ---- (Rupees in '000) ----	
Receivables from related parties		
Deposits and prepayments	111,032	-
Other receivables	285	6,119
Payables to related parties		
Trade and other payables	164,834	211,071
Accrued mark-up	10,702	3,699

These are in the normal course of business.

17. DATE OF AUTHORIZATION FOR ISSUE

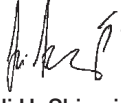
This condensed interim financial information was authorized for issue on February 22, 2016 by the Board of Directors of the Company.

18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2015, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the half year ended December 31, 2014.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Fahim Ali Khan
Director

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