



Quarterly Report
March 31, 2014



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COMPANY INFORMATION

Board of Directors

Yusuf H. Shirazi
Chairman

Ariful Islam
Director

Bashir Makki
Director

Kamal A. Chinoy
Director

Makio Tanaka
Director

Omar Saeed
Director

Ali H. Shirazi
President / Chief Executive

Rizwan Ahmed
Company Secretary

Audit Committee

Kamal A. Chinoy
Chairman

Bashir Makki
Member

Omar Saeed
Member

Rizwan Ahmed
Secretary

M. Rizwan Jamil
Head of Internal Audit

Human Resource and Remuneration Committee

Omar Saeed
Chairman

Ali H. Shirazi
Member

Bashir Makki
Member

Ahmar Waheed
Secretary

Management Committee

Ali H. Shirazi
President / Chief Executive

Talha Saad
Managing Director

Arshad Gulraiz Butt
Advisor to CEO

Mohsin Khan
General Manager Marketing

Muhammad Iqbal
General Manager Supply Chain

Muhammad Jamil Awan
General Manager Quality Assurance

Nehal Asghar
General Manager Plant

Ahmar Waheed
Head of Human Resource

Qasim Imran Khan
Head of Information Technology

Rizwan Ahmed
Chief Financial Officer & Company Secretary

COMPANY INFORMATION

Auditors

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
Barclays Bank PLC
HSBC Bank Middle East Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank 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

Salam Chambers,
21 Link Mcleod Road, Lahore-54000
Tel: (042) 37227075 & 37354245
Fax: (042) 37352724

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

Rawalpindi Office

312-A, Kashmir Road,
R. A. Bazar, Rawalpindi-65847
Tel: (051) 5567423

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 nine months ended March 31, 2014.

ECONOMY

Almost all major economic indicators for the Pakistan economy have moved in the desired direction over the past few months. These are fuelled by positive macro economic developments in the country. Inflows from IMF, home remittances, Coalition Support Fund and Middle East have helped improve the macro-economic indicators and in turn business sentiment. This has resulted in foreign exchange reserves reaching US\$ 10 billion at the end of March 2014 and consequently appreciation in the Pak Rupee. Moreover, this bodes well for the GDP which is poised to grow approximately 4% this fiscal year. However, prevalent law and order situation coupled with increase in power tariffs remain the biggest threats for the performance of manufacturing sector. The CPI inflation has increased to 7.9% for eight months of FY 2013-14 as compared to 7.4% in the corresponding period last year. Despite this, Large Scale Manufacturing (LSM) sector has posted impressive growth of 6.8% during 1st half of FY 2013-14 owing to business-friendly policies of the incumbent government. Exports increased to US\$ 16.8 billion during July-2013 to February-2014, up 3.7% as compared to US\$ 16.2 billion in the corresponding period last year. Imports increased to US\$ 27.6 billion during July-2013 to February-2014, up 4.0% as compared to US\$ 26.5 billion in the corresponding period last year. These factors culminated in current account deficit of US\$ 10.8 billion or 3.3% of GDP.

OPERATING RESULTS

Your Company achieved sales growth of 38.2% with net revenue of Rs.3,355.9 million during 3rd quarter as compared to Rs.2,428.3 billion for the same period last year. However, cost of sales for the same quarter also increased from Rs.2,061.6 million to Rs.2,921.0 million, up 41.7%. Increase in raw material prices and higher cost of energy hampered the gross profit ratio which stood at 13.0% as compared to 15.1% in the corresponding quarter of last year; however, in terms of value, it improved from Rs.366.7 million to Rs.434.9 million, up 18.6%.

Operating expenses at Rs.122.2 million were marginally increased by Rs.2.0 million as compared to Rs.120.2 million in the corresponding period of last year. Other income increased from Rs.20.1 million to Rs.29.9 million due to treasury activities. Other expenses decreased by Rs.9.3 million as compared to same quarter of last year due to appreciation in Pak Rupee against US dollar. Profit from operations increased to Rs.326.6 million from Rs.241.4 million, up 35.3%. Finance cost increased from Rs.13.3 million to Rs.40.0 million, up Rs.26.7 million as compared to corresponding quarter due to higher utilization of running finance facilities.

Thus, profit before tax for 3rd quarter of FY 2013-14 stood at Rs.286.5 million as compared to Rs.228.0 million in the corresponding quarter of last year, up 25.6%. After providing Rs.90.2 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.196.3 million as compared to Rs.155.2 million, up 26.5%. Earnings per share for the quarter improved from Rs.8.92 to Rs.11.28.

For nine months of FY 2013-14, net sales revenue increased to Rs.8,631.7 million as compared to Rs.6,284.2 million for the same period last year, up 37.4%. However, cost of sales increased substantially by 39.4% as against corresponding period of last year. This put an adverse impact on gross profit ratio which reduced to 13.9% as against 15.1% of last year. However, in absolute amount, it improved to Rs.1,196.9 million from Rs.949.8 million, up 26.0%.

Operating profit for nine months improved to Rs.832.7 million from Rs.617.2 million, up 34.9% as compared to same period last year. Finance cost increased by Rs.54.0 million because of higher utilization of running finance facilities. Thus, profit before tax for nine months was Rs.736.7 million as compared to Rs.575.2 million in the corresponding period of last year, up 28.1%. After tax profit was Rs.525.1 million as against Rs.400.0 million during the same period last year and earnings per share improved to Rs.30.18 as against Rs.22.99, up 31.3%.

FUTURE OUTLOOK

The present predicament of automotive industry is unfavourable due to the inconsistent import policy which is hampering further investment in the auto sector. Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During the nine months of FY 2013-14, sales of locally manufactured cars, buses, trucks, etc. dropped by 5.6% to 125,887 units from 133,353 units during the corresponding period last year. Motorcycles and three wheelers segment also witnessed decline of 5.4% to 586,664 units from 620,101 units during the corresponding period last year. This situation is likely to prevail during the last quarter of FY 2013-14 which will increase competition amongst battery manufacturers.

Reliance on one-off inflows, launching of Euro Bonds and foreign loans may provide short term stability but share of private financial inflows need to increase consistently to achieve long term stability. Moreover, rising inflation, poor security environment and power outages will also remain challenges for the economy during last quarter of FY 2013-14. Stable Pak Rupee will help in controlling imported raw materials and allied costs. 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":

ع انسان کو اتنا ہی ملے گا جتنی اس نے محنت کی

ACKNOWLEDGEMENTS

I would like to inform you that Mr. Talha Saad has resigned from the Board of your Company in the month of April 2014 due to his pre-occupations and was replaced by Mr. Ariful Islam. We would like to place on record the valuable contributions made by Mr. Talha Saad during his tenure as member of Board and Audit Committee. Mr. Ariful Islam is Deputy CEO of Meezan Bank Limited and has over 15 years of experience in the financial sector. He is a Chartered Accountant from The Institute of Chartered Accountants in England and Wales. We welcome him on the Board of Directors of your Company.

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

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

| | Note | Unaudited March 31, 2014 ----- (Rupees in '000) ----- | Audited June 30, 2013 |
|-------------------------------------------------------------------------------------------------------------------|------|----------------------------------------------------------------|-----------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 5 | 1,348,121 | 1,155,854 |
| Intangible assets | 6 | 1,684 | 1,736 |
| Investments | | - | - |
| Long term deposits | | 12,166 | 10,555 |
| Long term loans | | 887 | 657 |
| | | <u>1,362,858</u> | <u>1,168,802</u> |
| Current Assets | | | |
| Stores, spares and loose tools | | 76,582 | 57,818 |
| Stock-in-trade | 7 | 2,087,530 | 1,477,258 |
| Trade debts | | 102,047 | 79,987 |
| Loans and advances | | 13,288 | 3,497 |
| Deposits and prepayments | 8 | 49,449 | 6,446 |
| Investments | 9 | 780,411 | 711,544 |
| Other receivables | | 4,769 | 4,121 |
| Taxation - net | | 282,303 | 94,615 |
| Cash and bank balances | | 44,475 | 33,055 |
| | | <u>3,440,854</u> | <u>2,468,341</u> |
| Total Assets | | <u><u>4,803,712</u></u> | <u><u>3,637,143</u></u> |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized capital 50,000,000 (June 30, 2013: 50,000,000) ordinary shares of Rs.10 each | | <u>500,000</u> | <u>500,000</u> |
| Issued, subscribed and paid up capital 17,399,769 (June 30, 2013: 14,499,808) ordinary shares of Rs.10 each | 10 | 173,998 | 144,998 |
| General reserve | | 1,477,500 | 1,067,500 |
| Unappropriated profit | | 518,382 | 577,244 |
| | | <u>2,169,880</u> | <u>1,789,742</u> |
| Surplus on Revaluation of Leasehold Land | | 173,786 | 173,786 |
| Non-Current Liabilities | | | |
| Staff retirement benefits | | 49,397 | 45,825 |
| Deferred taxation | | 162,069 | 146,945 |
| | | <u>211,466</u> | <u>192,770</u> |
| Current Liabilities | | | |
| Trade and other payables | | 823,594 | 799,556 |
| Sales tax payable - net | | 76,394 | 53,488 |
| Accrued mark-up | | 26,464 | 11,110 |
| Short term borrowings | | 1,322,128 | 616,691 |
| | | <u>2,248,580</u> | <u>1,480,845</u> |
| Contingencies and Commitments | 11 | 2,460,046 | 1,673,615 |
| Total equity and liabilities | | <u><u>4,803,712</u></u> | <u><u>3,637,143</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




Kamal A. Chinoy
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)


FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2014

| | Note | <u>Quarter ended</u> | | <u>Period ended</u> | |
|-----------------------------------|------|----------------------|-------------|---------------------|-------------|
| | | March 31, | | March 31, | |
| | | 2014 | 2013 | 2014 | 2013 |
| ----- (Rupees in '000) ----- | | | | | |
| Sales - net | | 3,355,857 | 2,428,324 | 8,631,662 | 6,284,240 |
| Cost of sales | 12 | (2,920,971) | (2,061,588) | (7,434,794) | (5,334,390) |
| Gross profit | | 434,886 | 366,736 | 1,196,868 | 949,850 |
| Distribution cost | | (75,457) | (60,408) | (210,397) | (172,227) |
| Administrative expenses | | (46,776) | (59,806) | (150,797) | (155,201) |
| Other income | | 29,869 | 20,109 | 76,420 | 56,169 |
| Other expenses | | (15,972) | (25,249) | (79,389) | (61,424) |
| Profit from operations | | 326,550 | 241,382 | 832,705 | 617,167 |
| Finance cost | | (40,033) | (13,347) | (96,019) | (41,980) |
| Profit before taxation | | 286,517 | 228,035 | 736,686 | 575,187 |
| Taxation | 13 | (90,242) | (72,868) | (211,550) | (175,177) |
| Profit after taxation | | 196,275 | 155,167 | 525,136 | 400,010 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income | | 196,275 | 155,167 | 525,136 | 400,010 |
| ----- (Rupees) ----- | | | | | |
| | | | Restated | | Restated |
| Earnings per share | 14 | 11.28 | 8.92 | 30.18 | 22.99 |

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



Kamal A. Chinoy
Director


CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2014


| | Period ended | |
|-------------------------------------------------------------------------------|------------------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 736,686 | 575,187 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation of operating fixed assets | 95,132 | 78,320 |
| Amortisation of intangible assets | 1,702 | 791 |
| Net change in fair values of investments at fair value through profit or loss | (59,742) | (42,109) |
| Gain on sale of investments | (682) | (5,590) |
| Finance cost | 96,019 | 41,980 |
| (Gain) / loss on sale of operating fixed assets | (3,969) | 3,200 |
| Provision for doubtful debt | 623 | - |
| Provision for gratuity | 4,648 | 5,788 |
| Provision for compensated leave absences | 4,860 | 8,044 |
| | 875,277 | 665,611 |
| Working capital changes: | | |
| (Increase) / decrease in current assets: | | |
| Stores, spares and loose tools | (18,764) | (5,721) |
| Stock-in-trade | (610,272) | (537,013) |
| Trade debts | (22,683) | 43,392 |
| Loans and advances | (9,791) | (1,481) |
| Deposits and prepayments | (43,003) | (20,885) |
| Other receivables | (648) | (3,562) |
| | (705,161) | (525,270) |
| (Decrease) / increase in current liabilities: | | |
| Trade and other payables | 27,185 | 316,136 |
| Sales tax payable - net | 22,906 | 16,047 |
| | 50,091 | 332,183 |
| | (655,070) | (193,087) |
| Cash generated from operations | 220,207 | 472,524 |
| Finance cost paid | (80,665) | (42,616) |
| Income taxes paid (including tax deducted at source) | (384,114) | (204,721) |
| Gratuity paid | (7,592) | (8,298) |
| Compensated leave absences paid | (1,394) | (2,204) |
| Long term deposits - net | (1,611) | (1,000) |
| Long term loans - net | (230) | (214) |
| | (475,606) | (259,053) |
| Net cash (used in) / generated from operating activities c/f | (255,399) | 213,471 |

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

| | Period ended | |
|---------------------------------------------------------------------|------------------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees in '000) ----- | |
| Net cash (used in) / generated from operating activities b/f | (255,399) | 213,471 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (293,902) | (191,945) |
| Proceeds from sale of operating fixed assets | 10,472 | 103,797 |
| Additions in intangible assets | (1,650) | (2,888) |
| Investments acquired | (55,000) | (335,842) |
| Proceeds from sale of investments | 46,556 | 180,000 |
| Net cash used in investing activities | (293,524) | (246,878) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Short term borrowings - net | 705,437 | 118,609 |
| Dividend paid | (145,094) | (120,884) |
| Net cash generated from / (used in) financing activities | 560,343 | (2,275) |
| Net increase / (decrease) in cash and cash equivalents | 11,420 | (35,682) |
| Cash and cash equivalents - at beginning of the period | 33,055 | 48,191 |
| Cash and cash equivalents - at end of the period | 44,475 | 12,509 |

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



Kamal A. Chinoy
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

| | Issued, subscribed and paid up capital | General reserve | Unappro- priated profit | Total |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------|-------------------------------|-----------|
| ----- (Rupees in '000) ----- | | | | |
| Balance as at July 1, 2012 - as previously reported | 120,832 | 727,500 | 491,734 | 1,340,066 |
| Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 (net of tax) | - | - | (13,128) | (13,128) |
| Balance as at July 1, 2012 - as restated | 120,832 | 727,500 | 478,606 | 1,326,938 |
| Transfer to general reserve | - | 340,000 | (340,000) | - |
| Cash dividend for the year ended June 30, 2012 at the rate of Rs.10 per share | - | - | (120,832) | (120,832) |
| Bonus shares at the rate of 20% issued during the period | 24,166 | - | (24,166) | - |
| Transactions with owners | 24,166 | - | (144,998) | (120,832) |
| Profit for the period ended March 31, 2013 | - | - | 400,010 | 400,010 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 400,010 | 400,010 |
| Balance as at March 31, 2013 - as restated | 144,998 | 1,067,500 | 393,618 | 1,606,116 |
| Profit for the period | - | - | 182,103 | 182,103 |
| Re-measurement of defined benefit plans (net of tax) | - | - | 1,523 | 1,523 |
| Total comprehensive income for the period | - | - | 183,626 | 183,626 |
| Balance as at June 30, 2013 - as restated | 144,998 | 1,067,500 | 577,244 | 1,789,742 |
| Transfer to general reserve | - | 410,000 | (410,000) | - |
| Cash dividend for the year ended June 30, 2013 at the rate of Rs.10 per share | - | - | (144,998) | (144,998) |
| Bonus shares at the rate of 20% issued during the period | 29,000 | - | (29,000) | - |
| Transactions with owners | 29,000 | - | (173,998) | (144,998) |
| Profit for the period ended March 31, 2014 | - | - | 525,136 | 525,136 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 525,136 | 525,136 |
| Balance as at March 31, 2014 | 173,998 | 1,477,500 | 518,382 | 2,169,880 |

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


Kamal A. Chinoy
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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 June 30, 2013.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as detailed in note 3.2.1.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates.

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and an interpretation to accounting standards are effective for accounting period beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore not detailed in this condensed interim financial information except for IAS 19 - Employee Benefits (revised in June 2011) as detailed below.

IAS 19 (Revised) requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all re-measurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The Company has applied IAS 19 retrospectively in accordance with the transitional provisions as set out in this standard and consequently the earliest period presented in condensed interim balance sheet and condensed interim statement of changes in equity has been restated. The impacts of retrospective application are as follows:

| | Unappropriated profit | Staff retirement benefits | Deferred taxation | Trade and other payables |
|-----------------------------------------------------------|-----------------------------|---------------------------|-------------------|--------------------------|
| | ------(Rupees in '000)----- | | | |
| Balance as at June 30, 2012 - as previously reported | 491,734 | 41,439 | 137,886 | 494,461 |
| Restatement - recognition of re-measurement (gain) / loss | (13,128) | (511) | (6,763) | 20,402 |
| Balance as at June 30, 2012 - as restated | <u>478,606</u> | <u>40,928</u> | <u>131,123</u> | <u>514,863</u> |
| Balance as at June 30, 2013 - as previously reported | 588,849 | 46,332 | 152,924 | 781,465 |
| Restatement - recognition of re-measurement (gain) / loss | | | | |
| - For the year 2012 | (13,128) | (511) | (6,763) | 20,402 |
| - For the year 2013 | 1,523 | 4 | 784 | (2,311) |
| Balance as at June 30, 2013 - as restated | <u>577,244</u> | <u>45,825</u> | <u>146,945</u> | <u>799,556</u> |

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim profit and loss account are not quantifiable and are also considered immaterial.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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. However, actual results may differ from these estimates.

In preparing 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 applied to the audited annual financial statements of the Company for the year ended June 30, 2013.

| | Note | Unaudited March 31, 2014 ---- (Rupees in '000) ---- | Audited June 30, 2013 |
|-----------------------------------------------------------------------------------------------|------|--------------------------------------------------------|-----------------------|
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 1,302,861 | 1,137,047 |
| Capital work-in-progress | | 45,260 | 18,807 |
| | | <u>1,348,121</u> | <u>1,155,854</u> |
| 5.1 Operating fixed assets | | | |
| Net book value at the beginning of the period / year | | 1,137,047 | 1,076,257 |
| Additions during the period / year | 5.2 | 267,449 | 276,748 |
| Disposals costing Rs.11,403 thousand (June 30, 2013: Rs.117,353 thousand) - at net book value | 5.3 | (6,503) | (108,079) |
| Depreciation charged during the period / year | | (95,132) | (107,879) |
| Net book value at the end of the period / year | | <u>1,302,861</u> | <u>1,137,047</u> |

| | Unaudited March 31, 2014 ---- (Rupees in '000) ---- | Audited June 30, 2013 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------|
| 5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year: | | |
| Buildings on leasehold land | 2,210 | 75,706 |
| Plant and machinery | 252,425 | 156,627 |
| Office equipment | - | 1,668 |
| Computers and accessories | 757 | 7,856 |
| Furniture and fixtures | - | 1,464 |
| Air conditioners | 536 | 581 |
| Vehicles | 11,521 | 32,846 |
| | <u>267,449</u> | <u>276,748</u> |
| 5.3 Disposals during the period / year: | | |
| Leasehold land | - | 48,105 |
| Buildings on leasehold land | - | 45,202 |
| Plant and machinery | 1,786 | - |
| Office equipment | - | 18 |
| Computers and accessories | - | 108 |
| Vehicles | 4,717 | 14,646 |
| | <u>6,503</u> | <u>108,079</u> |
| 5.4 Plant and machinery includes certain dies and moulds having cost aggregating Rs.40,610 thousand (June 30, 2013: Rs.40,610 thousand) and net book value of Rs.23,629 thousand (June 30, 2013: Rs.25,545 thousand) which are held by various vendors for producing certain parts for supply to the Company. | | |
| | Unaudited March 31, 2014 ---- (Rupees in '000) ---- | Audited June 30, 2013 |
| 6. INTANGIBLE ASSETS | | |
| Net book value at the beginning of the period / year | 1,736 | - |
| Additions during the period / year | 1,650 | 2,888 |
| | <u>3,386</u> | <u>2,888</u> |
| Amortisation charged during the period / year | (1,702) | (1,152) |
| Net book value at the end of the period / year | <u>1,684</u> | <u>1,736</u> |
| 7. STOCK-IN-TRADE | | |
| Raw materials and components: | | |
| - in hand | 1,429,476 | 922,779 |
| - with third parties | 63,141 | 36,363 |
| | <u>1,492,617</u> | <u>959,142</u> |
| Work-in-process | 485,919 | 420,263 |
| Finished goods | 62,510 | 87,289 |
| Goods in transit | 46,484 | 10,564 |
| | <u>2,087,530</u> | <u>1,477,258</u> |
| 8. DEPOSITS AND PREPAYMENTS | | |

Include prepayments of Rs.37,522 thousand (June 30, 2013: Rs.2,775 thousand) in respect of renewals of insurance policies and rental agreements.

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

Audited
June 30,
2013

9. INVESTMENTS - at fair value through profit or loss

Investments in units of mutual funds:

| | | |
|-------------------|---------|---------|
| - Related parties | 762,545 | 683,126 |
| - Others | 17,866 | 28,418 |
| | 780,411 | 711,544 |

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

During the period, a 20% issue of bonus shares in the ratio of one bonus share for every five shares held by the shareholders was proposed in the Board of Directors meeting held on August 28, 2013. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on September 27, 2013. The effect of the issue of 2,899,961 bonus shares of Rs.10 each has been accounted for in this condensed interim financial information.

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

Except for the following, there has been no significant change in the status of contingencies as reported in note 23.1 to the preceding audited annual financial statements of the Company for the year ended June 30, 2013.

With reference to the note 23.1.1 to the audited annual financial statements of the Company for the year ended June 30, 2013, Deputy Commissioner Inland Revenue (DCIR) under the directions of Commissioner Inland Revenue (Appeals-I) [CIR(A)], revisited / confirmed the status of alleged vendors and examined the complete procurement & payment procedures of the Company and found the Company in compliance with these directions. Accordingly, DCIR has vacated the impugned show cause notice and stated that the Company was legally entitled to claim the input tax adjustment of Rs.19.99 million.

| | Unaudited March 31, 2014 ---- (Rupees in '000) ---- | Audited June 30, 2013 |
|------------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------|
| 11.2 Outstanding bank guarantees | 14,320 | 14,320 |
| 11.3 Commitments | | |
| In respect of confirmed letters of credit relating to: | | |
| - raw materials, stores, spares and loose tools | 408,478 | 449,369 |
| - capital expenditure | 59,349 | 109,766 |
| In respect of capital expenditure other than through letters of credit | 70,904 | 13,144 |
| | 538,731 | 572,279 |

| | Unaudited | | | |
|------|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|
| Note | Quarter ended March 31, 2014 | Quarter ended March 31, 2013 | Period ended March 31, 2014 | Period ended March 31, 2013 |
| | (Rupees in '000) | | | |

12. COST OF SALES

| | | | | | |
|-------------------------------------------|------|-----------|-----------|-----------|-----------|
| Finished goods at beginning of the period | | 86,985 | 178,769 | 87,289 | 51,567 |
| Cost of goods manufactured | 12.1 | 2,857,978 | 2,051,698 | 7,371,497 | 5,451,702 |
| Purchases during the period | | 38,518 | - | 38,518 | - |
| | | 2,983,481 | 2,230,467 | 7,497,304 | 5,503,269 |
| Finished goods at end of the period | | 62,510 | 168,879 | 62,510 | 168,879 |
| | | 2,920,971 | 2,061,588 | 7,434,794 | 5,334,390 |

| ----- Unaudited ----- | | | |
|------------------------------|------|---------------------------|------|
| Quarter ended March 31, | | Period ended March 31, | |
| 2014 | 2013 | 2014 | 2013 |
| ----- (Rupees in '000) ----- | | | |

12.1 Cost of goods manufactured

| | | | | |
|--------------------------------------------|------------------|------------------|------------------|------------------|
| Work-in-process at beginning of the period | 398,237 | 300,699 | 420,263 | 320,719 |
| Raw materials and components consumed | 2,424,088 | 1,857,692 | 6,063,422 | 4,639,304 |
| Factory overheads | 521,572 | 323,858 | 1,373,731 | 922,230 |
| | 2,945,660 | 2,181,550 | 7,437,153 | 5,561,534 |
| | 3,343,897 | 2,482,249 | 7,857,416 | 5,882,253 |
| Work-in-process at end of the period | 485,919 | 430,551 | 485,919 | 430,551 |
| | <u>2,857,978</u> | <u>2,051,698</u> | <u>7,371,497</u> | <u>5,451,702</u> |

13. TAXATION

| | | | | |
|----------------------------|---------------|---------------|----------------|----------------|
| Current year | 90,432 | 63,496 | 192,389 | 156,726 |
| Adjustments for prior year | 1,735 | 1,442 | 4,037 | (180) |
| Deferred | (1,925) | 7,930 | 15,124 | 18,631 |
| | <u>90,242</u> | <u>72,868</u> | <u>211,550</u> | <u>175,177</u> |

14. EARNINGS PER SHARE

- Basic and diluted

| | | | | |
|---------------------------|----------------|----------------|----------------|----------------|
| Net profit for the period | <u>196,275</u> | <u>155,167</u> | <u>525,136</u> | <u>400,010</u> |
|---------------------------|----------------|----------------|----------------|----------------|

----- (Number of shares) -----
 Restated Restated

| | | | | |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Weighted average number of ordinary shares in issue during the period | <u>17,399,769</u> | <u>17,399,769</u> | <u>17,399,769</u> | <u>17,399,769</u> |
|-----------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|

----- (Rupees) -----

| | | | | |
|--------------------------------------|--------------|-------------|--------------|--------------|
| Basic and diluted earnings per share | <u>11.28</u> | <u>8.92</u> | <u>30.18</u> | <u>22.99</u> |
|--------------------------------------|--------------|-------------|--------------|--------------|

14.1 There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of shares in issue and earnings per share for the quarter and period ended March 31, 2013 have been restated taking into effect of bonus shares at the rate of 20% issued during the current period.

15. FINANCIAL RISK MANAGEMENT

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2013.

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:

| Relationship with the Company | Nature of transactions | ----- Unaudited ----- Period ended March 31, | |
|--------------------------------|-------------------------------------|----------------------------------------------------|-----------|
| | | 2014 | 2013 |
| | | ---- (Rupees in '000) ---- | |
| (i) Associates | Sales: | | |
| | - goods | 422,355 | 281,743 |
| | - operating fixed assets | - | 2,934 |
| | Purchases: | | |
| | - raw materials | 943,365 | 17,639 |
| | - consumables | 590 | 1,297 |
| | - operating fixed assets | 10,380 | 36,777 |
| | - Intangible assets | - | 2,338 |
| | Rent / service charges | 121,417 | 54,670 |
| | Commission | 87,433 | 113,132 |
| | Reimbursement of expenses | 1,793 | 4,231 |
| | Insurance premium | 84,162 | 71,737 |
| | Insurance claims received | 2,790 | 2,767 |
| | Purchase of units in mutual funds | 55,000 | 319,982 |
| | Redemption of units in mutual funds | 35,000 | 180,000 |
| | Dividend paid | 112,817 | 93,576 |
| | Sale proceeds of bonus fractions | 127 | 93 |
| | Royalty | 85,640 | 62,842 |
| | Donation paid | 8,229 | 6,897 |
| | Contribution to pension funds | 4,625 | 3,862 |
| | | ---- (Number of shares) ---- | |
| | Bonus shares issued | 2,245,827 | 1,871,520 |
| | | ---- (Rupees in '000) ---- | |
| (ii) Staff retirement funds | Contribution paid to | | |
| | - gratuity fund | 7,555 | 8,222 |
| | - provident fund | 4,324 | 3,849 |
| (iii) Key management personnel | Remuneration and other benefits | 149,161 | 105,680 |
| | Retirement benefits | 10,492 | 10,952 |
| | Sale of fixed asset | 1,831 | 8,004 |

Unaudited **Audited**
March 31, **June 30,**
2014 **2013**
---- (Rupees in '000) ----
Restated

16.2 Period / year end balances are as follows:

Receivables from related parties

| | | |
|-------------------------------|---------|---------|
| Property, plant and equipment | 2,213 | - |
| Trade debts | 20,809 | 37,849 |
| Investments | 762,545 | 683,126 |
| Other receivables | 2,537 | 1,804 |

Payable to related parties

| | | |
|--------------------------|---------|---------|
| Trade and other payables | 252,406 | 115,050 |
|--------------------------|---------|---------|

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 28, 2014 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 and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of implementation of IAS 19 - 'Employee Benefits', certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarised in note 3.2.1.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Kamal A. Chinoy
Director

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