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# Company Information

## The Board of Directors

Mr. Yusuf H. Shirazi - Chairman  
Mr. Takeharu Aoki - President/CEO  
Mr. Aamir H. Shirazi  
Mr. Akio Takemoto  
Mr. M. Naeem Khan  
Mr. Shigeki Takane  
Mr. Yuishi Fukuda

## Company Secretary

Mr. Sardar Abid Ali Khan

## Chief Financial Officer

Mr. Ayaz Mahmood

## Executive Committee

Mr. Takeharu Aoki  
Mr. Sardar Abid Ali Khan  
Mr. Akio Takemoto

## Audit Committee

Mr. Aamir H. Shirazi - Chairman  
Mr. Takeharu Aoki  
Mr. Akio Takemoto  
Mr. M. Naeem Khan  
Mr. Shigeki Takane  
Mr. Hamood-ur-Rahman - Secretary

## Head of Internal Audit

Mr. Hamood-ur-Rahman

## Auditors

M/s A. F. Ferguson & Company  
Chartered Accountants

## Legal Advisor

Cornelius, Lane & Mufti  
Bokhari Aziz & Karim

## Share Registrar

M/s Hameed Majeed Associates  
HM House, 7-Bank Square, Lahore  
Ph: (042) 37235081-82

## Bankers

Citibank N.A.  
Deutsche Bank AG  
Faysal Bank Ltd.  
Habib Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan  
Soneri Bank Ltd.  
Standard Chartered Bank (Pakistan) Ltd.  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
United Bank Ltd.

## Registered Office

1-Mcleod Road, Lahore  
Ph: (042) 37225015-17  
Fax: (042) 37233518

## Factory

43-KM, Multan Road,  
Manga Mandi, Lahore  
Ph: (042) 35384671-80  
Fax: (042) 35384691-92  
E-mail: info@honda.com.pk

## Regional Offices

### Lahore Office

1-XX, Phase III, DHA  
Ph: (042) 35694851-53  
Fax: (042) 35694854

### Karachi Office

C-149, KDA Scheme No.1  
Street H, Karsaz Road  
Ph: (021) 34854973  
Fax: (021) 34854974

## Web Site

www.honda.com.pk

# Chairman's Review

It is pleasure to present you the financial statements for the half year ended September 30th, 2012 with limited review report by Auditors.

## The Economy

The Pakistan economy has endured several challenges to achieve economic stability. However, the current year is displaying signs of improvement, despite being faced with various global and domestic challenges.

The GDP growth target for financial year 2012-13 has been set at 4.3% which seems quite challenging in the present scenario. However, the SBP's policy to reduce discount rate may help in spurring the requisite economic growth. The latest reduction by 50 bps will, to some extent, help to lessen the burden of increasing cost of doing business. The inflation continued to ease to 9.1% in July-September 2012 period as against to 11.5% during the corresponding period, last year. Overseas Pakistani workers' remittances continued to increase at US\$ 3,599.1 million during July-September 2012 quarter as against US\$ 3,297.2 million during the same period last year, showing a growth of 9.1%. The trade deficit contracted 10% to US\$ 4.7 billion from July-September 2012 as against US\$ 5.2 billion during the same corresponding period. Exports grew 4.3% year-on-year basis to US\$ 6.2 billion, while imports decreased 2.4% to US\$ 10.9 billion, which are US\$ 264 million less than the import bill of corresponding period. Meanwhile, foreign exchange reserves fell to US\$ 14.4 billion at the end of first quarter as against US\$ 17.3 billion in September 2011.

## Automobile Industry

The growth of automobile industries has been hijacked by the influx of used cars. In the fiscal year 2011-12, more than 55,000 units of used cars were imported under the schemes of transfer of residence, personal baggage and gift schemes, which have been widely misused by the commercial importers. The government may have to take concrete measures to check this practice for long term consistent growth of local automotive industry. The total car production of the industry for the quarter under review was 29,253 units as against 33,158 units in comparable quarter, decreased by 11.8%. Similarly, the sales units for the quarter were 26,806 as against 38,065 units of the last comparable quarter.

# Chairman's Review

## The Company

During the period under review, the company's production and sales increased 31.9% and 11.9% respectively. The growth in sales was lower than production due to lesser demand in automobile market in Jul-Sep 2012 quarter. The company produced 9,856 units in first half of 2012-13 against 7,475 units during the corresponding period of last year, whereas sale was 8,570 units against 7,659 units in the same period, last year.

On September 18, 2012, the company launched 9th generation of new Honda Civic. The new model has many features which have been introduced first time in Pakistan automobile industry - like Econ for better fuel economy, intelligent Multi-Information Display (i-MID), audio and cruise control in steering wheel with many other safety and performance features. The model has been accepted very well by the customers.

## Financial Results

During first half of the year, your company posted 20% increase in sales revenue and recorded net sales of Rs 12,793.0 million. The company earned gross profit of Rs 549.2 million. The GP margin increased from 2.54% of last year to 4.29% in the period under review.

The administrative and selling expenses increased to Rs 191.8 million against Rs 142.8 million last period. The increase was due to marketing and promotional expenses on launching new model of Honda Civic. The operating profit was Rs 136.6 million as compared to Rs 151.5 million of last year. Other income was Rs 28.5 million. The financial charges were increased to Rs 131.5 million as against Rs 54.2 million in 1H of last year due to markup on bank borrowing.

The Pakistani currency continued to be under pressure against major international currencies and thus increased the cost of production during the half year. The company passed on a part of the exchange rate impact to customers with increase in retail price of Honda Civic and City. As a result, the profit before tax was Rs 5.1 million and after necessary tax adjustments the company had loss after tax of Rs 70.9 million for the half year 2012-13.

The second quarter of July-September 2012, posted profit before tax of Rs 254.6 million and profit after tax of Rs 150.1 million. So the company had improvement in bottom line results in Q2 as compared with Q1 of the first half of the year.

## Future Outlook

The key challenges facing Pakistan's economy emanates from long standing structural issues which have continued to stifle economic activity and growth. The macroeconomic outlook is largely dependent on government's ability to control fiscal deficit while addressing energy shortage to revitalize large scale industry manufacturing and GDP growth. A protracted power and gas shortage is affecting the economy. Agriculture, with 21% contribution to the GDP, holds the key to economic revival. Support price and subsidies to former will create liquidity in the rural areas which in turn will benefit the manufacturing industry. With a population of more than 180 million people and significant resources at the country's disposal, we believe that the economy has the potential of taking strides towards growth and promising future:

ملت کے ساتھ رابطہ استوار رکھ  
پیوستہ رہ شجر سے اُمیدِ بہار رکھ

(We believe in Societal Development in whatsoever case)

## Acknowledgement

I would like to acknowledge the continued support of Honda Motor Company Ltd., Japan and Atlas Group, our customers, vendors, bankers and shareholders for their continued support and confidence in the company. I also thank Mr. Takeharu Aoki, President & CEO of the Company, along with his team, for his inspiring leadership & dedication in the challenging business environment.



Yusuf H. Shirazi  
Chairman

November 27, 2012  
Lahore

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

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Honda Atlas Cars (Pakistan) Limited as at September 30, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended September 30, 2011 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2012.

## 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 interim financial information as of and for the half year ended September 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.  
Chartered Accountants

Lahore: November 27, 2012

Engagement Partner: Muhammad Masood

# Condensed Interim Balance Sheet

as at September 30, 2012 (Un-audited)

	Unaudited September 30, 2012 (Rupees in thousand)	Audited March 31, 2012
Note		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital:		
200,000,000 (March 31, 2012: 200,000,000)		
ordinary shares of Rs 10 each	2,000,000	2,000,000
Issued, subscribed and paid up share capital:		
142,800,000 (March 31, 2012: 142,800,000)		
ordinary shares of Rs 10 each	1,428,000	1,428,000
Reserves	76,000	249,500
Accumulated loss	(429,922)	(532,520)
	1,074,078	1,144,980
<b>NON-CURRENT LIABILITIES</b>		
Long term finances - secured	6	-
		83,333
<b>CURRENT LIABILITIES</b>		
Current portion of long term finances - secured	6	166,667
		83,334
Short term borrowings - secured	390,301	-
Accrued mark up	89,581	65,496
Trade and other payables	13,035,657	8,102,678
	13,682,206	8,251,508
<b>CONTINGENCIES AND COMMITMENTS</b>		
	7	
	14,756,284	9,479,821
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	8	3,641,533
		3,255,755
Intangible assets	162,394	56,366
Capital work-in-progress	6,115	355,812
Long term loans and advances	34,004	33,855
Long term deposits	4,042	4,042
Deferred taxation	1,156,458	1,144,790
	5,004,546	4,850,620
<b>CURRENT ASSETS</b>		
Stores and spares	109,937	112,139
Stock-in-trade	6,617,847	2,853,523
Loans, advances, prepayments and other receivables	2,099,725	1,581,062
Cash and bank balances	924,229	82,477
	9,751,738	4,629,201
	14,756,284	9,479,821

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman




Takeharu Aoki  
Chief Executive

# Condensed Interim Profit and Loss Account

for the quarter and half year ended September 30, 2012 (Un-audited)

	Note	July - September 2012		April - September 2011	
		(Rupees in thousand)		(Rupees in thousand)	
Sales	9	6,827,754	6,053,399	12,793,019	10,665,090
Cost of sales	10	(6,380,655)	(5,839,356)	(12,243,734)	(10,393,887)
Gross profit		447,099	214,043	549,285	271,203
Distribution and marketing cost		(55,097)	(34,213)	(95,536)	(60,927)
Administrative expenses		(55,322)	(44,828)	(96,268)	(81,916)
Other operating income		15,930	83,699	28,528	142,239
Other operating expenses		(41,850)	(83,015)	(249,386)	(119,068)
		(136,339)	(78,357)	(412,662)	(119,672)
Profit from operations		310,760	135,686	136,623	151,531
Finance cost		(56,139)	(22,281)	(131,536)	(54,215)
Profit before taxation		254,621	113,405	5,087	97,316
Taxation		(104,498)	(89,441)	(75,989)	(124,451)
Profit / (loss) after taxation		150,123	23,964	(70,902)	(27,135)
Earnings / (loss) per share					
- basic and diluted (Rupees)		1.05	0.17	(0.50)	(0.19)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman



Takeharu Aoki  
Chief Executive



# Condensed Interim Statement of Comprehensive Income

for the quarter and half year ended September 30, 2012 (Un-audited)

	July - September 2012      2011 (Rupees in thousand)		April - September 2012      2011 (Rupees in thousand)	
Profit / (loss) after taxation	150,123	23,964	(70,902)	(27,135)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	150,123	23,964	(70,902)	(27,135)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman




Takeharu Aoki  
Chief Executive

# Condensed Interim Statement of Changes in Equity

for the half year ended September 30, 2012 (Un-audited)

	Share capital	Share premium	General reserves	Accumulated loss	Total
	(Rupees in thousand)				
Balance as on April 01, 2012 (audited)	1,428,000	76,000	173,500	(532,520)	1,144,980
Loss for the period	-	-	-	(70,902)	(70,902)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year ended September 30, 2012	-	-	-	(70,902)	(70,902)
Transfer from general reserve	-	-	(173,500)	173,500	-
Balance as on September 30, 2012 (unaudited)	1,428,000	76,000	-	(429,922)	1,074,078
Balance as on April 01, 2011 (audited)	1,428,000	76,000	472,500	(299,307)	1,677,193
Loss for the period	-	-	-	(27,135)	(27,135)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the half year ended September 30, 2011	-	-	-	(27,135)	(27,135)
Transfer from general reserve	-	-	(299,000)	299,000	-
Balance as on September 30, 2011 (unaudited)	1,428,000	76,000	173,500	(27,442)	1,650,058

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman




Takeharu Aoki  
Chief Executive

# Condensed Interim Cash Flow Statement

for the half year ended September 30, 2012 (Un-audited)

	Note	September 30, 2012 (Rupees in thousand)	September 30, 2011
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	1,418,757	2,653,672
Finance cost paid		(107,451)	(48,824)
Employees retirement benefits and other obligations		(9,345)	(15,771)
Increase in long term loans and advances		(977)	(2,481)
Income tax paid		(357,236)	(307,716)
Royalty paid		(151,627)	(225,301)
<b>Net cash generated from operating activities</b>		<b>792,121</b>	<b>2,053,579</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant & equipment		(325,379)	(291,008)
Purchase of intangible assets		(27,055)	(6,339)
Proceeds from sale of property, plant and equipment		5,358	7,063
Interest received		6,406	107,415
<b>Net cash used in investing activities</b>		<b>(340,670)</b>	<b>(182,869)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term finances		-	(583,334)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(583,334)</b>
<b>Net increase in cash and cash equivalents</b>		<b>451,451</b>	<b>1,287,376</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>82,477</b>	<b>868,741</b>
<b>Cash and cash equivalents at the end of the period</b>	13	<b>533,928</b>	<b>2,156,117</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman



Takeharu Aoki  
Chief Executive

# Selected Notes to and Forming Part of the Condensed Interim Financial Information

## for the quarter and half year ended September 30, 2012 (Un-audited)

### 1. Legal status and nature of business

Honda Atlas Cars (Pakistan) Limited (the company) is a public limited company incorporated in Pakistan on November 4, 1992. The company is a subsidiary of Honda Motor Co., Ltd., Japan. The company's ordinary shares are listed on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the company is situated at 1-Mcleod Road, Lahore. Its principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The company commenced commercial production from July 1994.

### 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. The figures for the half year ended September 30, 2012 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 annual financial statements for the year ended March 31, 2012.

### 3. Significant 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 annual published financial statements of the company for the year ended March 31, 2012.

#### 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 interpretations to approved accounting standards are effective for accounting periods beginning on April 01, 2012 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.

##### 3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after April 01, 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 (Amendment), 'Employee Benefits' which is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminate the corridor approach and calculate finance costs on a net funding basis. The company shall apply this amendment from April 01, 2013 and its impact will be an increase in accumulated loss by Rs 26.39 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
5. The preparation of 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 expense. 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 uncertainty were the same as those applied to the financial statements for the year ended March 31, 2012, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

	Unaudited September 30, 2012 (Rupees in thousand)	Audited March 31, 2012
<b>6. Long term finances - secured</b>		
Opening balance	166,667	833,334
Repayment during the period / year	-	(666,667)
Closing balance	166,667	166,667
Current portion shown under current liabilities	(166,667)	(83,334)
	-	83,333

## 7. Contingencies and commitments

### 7.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended March 31, 2012, except for letters of guarantees issued to various parties aggregating to Rs 28.87 million (March 31, 2012: Rs 12.29 million).

	Unaudited September 30, 2012 (Rupees in thousand)	Audited March 31, 2012
<b>7.2 Commitments in respect of</b>		
Letters of credit and purchases other than		
capital expenditure	396,031	732,540
Letters of credit and purchases for		
capital expenditure	849	-
	396,880	732,540

## Selected Notes to and Forming Part of the Condensed Interim Financial Information

for the quarter and half year ended September 30, 2012 (Un-audited)

	Note	Unaudited September 30, 2012 (Rupees in thousand)	Audited March 31, 2012
<b>8. Property, plant and equipment</b>			
Opening book value		3,255,755	3,847,016
Additions during the period / year	8.1	648,738	51,304
		3,904,493	3,898,320
Disposals during the period / year (at book value)		(11,539)	(4,220)
Assets written off during the period / year (at book value)		(1,326)	-
Depreciation charged during the period / year		(250,095)	(638,345)
		(262,960)	(642,565)
Closing book value		3,641,533	3,255,755

### 8.1 Additions during the period / year

-Building on free hold land	1,562	-
-Plant and machinery	524,325	14,016
-Furniture and office equipment	10,072	5,727
-Vehicles	103,871	22,825
-Tools and equipments	5,107	5,020
-Computers	3,801	3,716
	648,738	51,304

	July - September 2012 (Rupees in thousand)	2011	April - September 2012 (Rupees in thousand)	2011
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### 9. Sales

Sales - Own manufactured goods	7,619,002	6,822,903	14,320,208	12,151,280
Sales tax	(1,050,733)	(939,818)	(1,974,300)	(1,697,883)
Excise duty	-	-	-	(111,480)
Commission to dealers	(109,525)	(111,288)	(210,233)	(196,959)
Discounts to customers	(80)	-	(29,030)	-
	6,458,664	5,771,797	12,106,645	10,144,958
Sales - Trading goods	430,133	327,354	799,446	606,762
Sales tax	(58,993)	(45,152)	(109,942)	(85,880)
Commission to dealers	(2,050)	(600)	(3,130)	(750)
	369,090	281,602	686,374	520,132
	6,827,754	6,053,399	12,793,019	10,665,090

	July - September 2012      2011 (Rupees in thousand)		April - September 2012      2011 (Rupees in thousand)	
<b>10. Cost of sales</b>				
Raw material consumed	6,597,348	5,150,344	12,542,430	8,917,885
Stores and spares consumed	23,048	16,845	39,677	29,839
Salaries, wages and benefits	100,203	78,958	164,960	136,093
Fuel and power	30,767	20,925	59,467	38,421
Insurance	8,346	8,180	17,504	16,393
Travelling and vehicle running	17,223	14,987	31,115	27,324
Freight and handling	6,686	4,639	13,441	8,149
Repairs and maintenance	6,903	4,381	11,348	5,797
Technical assistance	5,001	6,492	9,393	12,788
Depreciation on property, plant and equipment	124,110	151,959	238,736	302,897
Amortization on intangible assets	9,917	7,937	17,768	15,874
Royalty	144,826	127,927	270,413	224,691
Canteen subsidy	3,823	2,606	9,103	6,198
Other expenses	327	292	518	490
	7,078,528	5,596,472	13,425,873	9,742,839
Opening stock of work-in-process	270,654	263,634	323,572	308,017
Closing stock of work-in-process	(278,647)	(237,368)	(278,647)	(237,368)
	(7,993)	26,266	44,925	70,649
Cost of goods manufactured	7,070,535	5,622,738	13,470,798	9,813,488
Own work capitalised	(70,608)	(12,943)	(71,912)	(12,943)
Cost of damaged cars	(1,650)	(1,130)	(1,650)	(1,130)
	6,998,277	5,608,665	13,397,236	9,799,415
Opening stock of finished goods	1,136,810	503,127	334,006	674,739
Closing stock of finished goods	(2,044,381)	(506,289)	(2,044,381)	(506,289)
	(907,571)	(3,162)	(1,710,375)	168,450
Cost of sales - Own manufactured	6,090,706	5,605,503	11,686,861	9,967,865
Cost of sales - Trading goods	289,949	233,853	556,873	426,022
	6,380,655	5,839,356	12,243,734	10,393,887

## Selected Notes to and Forming Part of the Condensed Interim Financial Information

for the quarter and half year ended September 30, 2012 (Un-audited)

September 30, September 30,  
2012                      2011  
(Rupees in thousand)

### 11. Transactions and balances with related parties

Relationship with the company	Nature of transaction		
i. Associated companies	Sale of goods	67,447	26,993
	Purchase of goods	9,855,587	5,567,398
	Purchase of property, plant and equipment	172,663	216,351
	Insurance premium	144,062	97,983
	License and technical assistance fee	95,318	27,325
	Royalty	245,135	203,683
	Insurance claims	3,606	3,181
ii. Key management personnel	Salaries and other employee benefits	34,753	31,590
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	17,601	15,152

All transactions with related parties have been carried out on commercial terms and conditions.

Unaudited                      Audited  
September 30,                      March 31,  
2012                                      2012  
(Rupees in thousand)

Period end balances are as follows:

Receivable from related parties	30,112	31,440
Payable to related parties	8,117,290	2,864,182

These are in the normal course of business and are interest free.



	Note	September 30, 2012 (Rupees in thousand)	September 30, 2011
<b>12. Cash generated from operations</b>			
Profit before taxation		5,087	97,316
<b>Adjustment for:</b>			
- Depreciation on property, plant and equipment		250,095	317,770
- Profit on disposal of property, plant and equipment		(443)	(4,261)
- Assets written off		1,326	-
- Profit on bank deposits, loans to employees and advances to suppliers		(15,260)	(102,988)
- Finance cost		131,536	53,769
- Provision for employee's retirement benefits and other obligations		20,652	19,567
- Amortisation of intangible assets		17,966	15,958
- Royalty		245,830	204,264
Working capital changes	12.1	761,968	2,052,277
		<b>1,418,757</b>	<b>2,653,672</b>

### 12.1 Working capital changes

<b>Decrease / (increase) in current assets</b>			
-Stores and spares		2,202	2,274
-Stock in trade		(3,764,324)	260,065
-Loans, advances, prepayments and other receivables		(232,777)	62,017
<b>Increase in current liabilities</b>			
-Trade and other payables		4,756,867	1,727,921
		<b>761,968</b>	<b>2,052,277</b>

### 13. Cash and cash equivalents

Cash and cash equivalents included in the condensed interim cash flow statement comprise of the following amounts:

Cash and bank balances	924,229	903,708
Short-term investments	-	1,252,409
Short term borrowings - secured	(390,301)	-
	<b>533,928</b>	<b>2,156,117</b>

14. Segment Information	Manufacturing			Trading			Total		
	July - September 2012	April - September 2012	July - September 2011	July - September 2012	April - September 2012	July - September 2011	July - September 2012	April - September 2012	July - September 2011
	(Rupees in thousand)								
Segment revenue	6,458,664	12,106,645	10,144,958	369,090	686,374	520,132	6,827,754	12,793,019	10,665,090
Segment expenses									
- Cost of sales	(6,090,706)	(11,686,861)	(9,967,865)	(289,949)	(556,873)	(426,022)	(6,380,655)	(12,243,734)	(10,393,887)
Gross profit	367,958	162,294	177,093	79,141	129,501	94,110	447,099	214,043	271,203
Distribution and marketing cost							(5,097)	(34,213)	(60,927)
Administrative expenses							(5,322)	(44,828)	(81,916)
Other operating income							15,930	83,699	142,239
Other operating expenses							(4,850)	(83,015)	(119,068)
Profit from operations							310,760	136,623	151,531
Finance cost							(56,139)	(22,281)	(54,215)
Profit before taxation							254,621	113,405	97,316
Taxation							(104,498)	(89,441)	(124,451)
Profit / (loss) after taxation							150,123	23,964	(27,135)

14.1 Segment wise assets and liabilities are not being reviewed by the Chief Operating Decision Maker.

15. **Date of authorisation for issue**

This condensed interim financial information was authorised for issue on November 27, 2012 by the Board of Directors of the company.

16. **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 annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.



Yusuf H. Shirazi  
Chairman



Takeharu Aoki  
Chief Executive

# Authorized "3S" Dealers

## KARACHI

### [Honda Shahrah-e-Faisal](#)

13-Banglore Town,  
Main Shahrah-e-Faisal  
Tel: (021) 34527070, 34527373, 34547113-6  
Fax: (021) 34526758

### [Honda S.I.T.E](#)

C-I, S.I.T.E, Main Manghopir Road  
Tel: (021) 32577411-2, 32569381, 32570301  
Fax : (021) 32577412

### [Honda South](#)

I-B/I, Sector-23, Korangi Industrial Area  
Tel: (021) 35050251-4 Fax: (021) 35064599

### [Honda Drive-In](#)

118-C Main Rashid Minhas Road  
Tel: (021) 34992832-36  
Fax: (021) 34992825

### [Honda Defence](#)

67/1, Korangi Road, Near HINO Circle  
Tel: (021) 35805291 - 94  
Fax: (021) 35805294

### [Honda Quaideen](#)

233-A-2, PECHS  
Tel: (021) 34556071-73  
Fax: (021) 34554644

## ISLAMABAD

### [Honda Classic](#)

179-I-10/3 Industrial Area  
Tel: (051) 4438801-04, Fax: (051) 4436446

## RAWALPINDI

### [Honda Centre](#)

300, Peshawar Road  
Tel: (051) 5564525-28  
Fax: (051) 5564524

## MIRPUR A.K.

### [Honda Empire](#)

Mian Muhammad Road,  
Quaid-e-Azam Chowk  
Tel: (058274) 51501-3  
Fax: (058274) 51500

## HYDERABAD

### [Honda Palace](#)

Shahbaz Town, Jamshoro Road  
Tel: (0223) 642032  
Fax: (0223) 641519

## LAHORE

### [Honda City Sales](#)

75-B, L-Block Gulberg III  
Main Ferozepur Road  
Tel: (042) 35841100-04  
Fax: (042) 35841107

### [Honda Fort](#)

32-Queens Road  
Tel: (042) 36314162- 3, 36309062-3  
Fax: (042) 36361076

### [Honda Point](#)

Main Defence Road, Lahore Cantt.  
Tel: (042) 35700994-5 Fax: (042) 35700993

### [Honda Gateway](#)

15-Km, Multan Road,  
Tel: (042) 111 333 789  
Fax: (042) 37511075

## MULTAN

### [Honda Breeze](#)

63-Abdali Road  
Tel: (061) 4588871-3 4548881 Fax (061) 4588874

## SIALKOT

### [Honda Falcon](#)

Pakki Kotli, Daska Road  
Tel: (052) 3252000 Fax: (052) 3563203

## FAISALABAD

### [Honda Faisalabad](#)

East Canal Road  
Tel: (041) 8731741-4 Fax: (041) 8524029

### [Honda Chenab](#)

123-J-B Rajawala, Green View Colony  
Tel: (041) 2603349 Fax: (041) 2603349

## PESHAWAR

### [Honda North](#)

Main University Road  
Tel: (091) 5700807-8 Fax: (091) 5854753

## GUJRANWALA

### [Honda Gujranwala](#)

G.T. Road  
Tel: (055) 3893481-3 Fax: (055) 3893484

## SARGODHA

### [Honda Citrus Field](#)

7-Km, Lahore Road  
Tel: (048) 3225186-87  
Fax: (048) 3226589