



Quarterly Report
December 31, 2012



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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Hisao Kobayashi
Director

Koji Takamatsu
Director

Nurul Hoda
Director

Sanaullah Qureshi
Director

Tariq Amin
Director

Shigeki Takane
Director

Saquib H. Shirazi
Chief Executive Officer

Syed Tanvir Hyder
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Tariq Amin
Member

Nurul Hoda
Member

Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Tariq Amin
Member

Saquib H. Shirazi
Member

Razi Ur Rehman
Secretary

Management Committee

Saquib H. Shirazi
Chief Executive Officer

Suhail Ahmed
VP Marketing & Chief Financial Officer

Hisao Kobayashi
Vice President Technical

Muhammad Khalid Aziz
General Manager Plants

Sultan Ahmed
General Manager Quality Assurance

Koji Takamatsu
General Manager Research & Development

Mushtaq Alam
General Manager Information Technology

Javed Afghani
General Manager Marketing

Razi Ur Rehman
General Manager Human Resources,
Administration & Corporate Affairs

Khawaja Shujauddin
General Manager Planning & Commercial

Shakil Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research,
Development & Projects

Company Information

Auditors

Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

Shares Registrar

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

Bankers

Allied Bank Limited
Bank Al Habib Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

Registered Office

1-McLeod Road, Lahore-54000
Tel: (92-42) 37225015-17, 37233515-17
Fax: (92-42) 37233518, 37351119
E-mail: ahl@atlas.com.pk
Website: www.atlashonda.com.pk

Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel: (92-21) 32575561-65
Fax: (92-21) 32563758

26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel: (92-56) 3406501-8
Fax: (92-56) 3406009

Branch Offices

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989, 4572898
Fax: (92-61) 4541690

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

4B, Zamindara Colony, Rahim Yar Khan
Tel: (92-68) 5888809

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

Show Room

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

Spare Parts Division

D-181/A, S.I.T.E, Karachi-75730
Tel: (92-21) 32576690

Warranty & Training Centres

7-Pak Chambers, West Wharf Road,
Karachi
Tel: (92-21) 32310142

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

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

Chairman’s Review

It is my pleasure to present the unaudited condensed interim financial information of the Company for the nine months period ended December 31, 2012.

The Economy

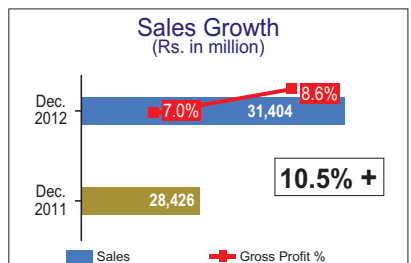
The current fiscal year continued to show encouraging signs. The CPI rate came down to 8.1% against 10.9% of last year. Accordingly, the State Bank of Pakistan resumed monetary easing by reducing the discount rate and bringing it down to 9.5%. Tax collection showed an increase of 7.7% aggregating to Rs. 546 billion upto October 2012. The workers' home remittances at US \$7.1 billion and receipts of US \$1.9 billion from Coalition Support Fund (CSF) provided much needed impetus to the economy. Resultantly, current account deficit reduced to US\$ 365 million. However, foreign currency reserves remained under pressure and dwindled to US \$13.8 billion, a year on year decline of 19%. This was largely due to rising import bill, declining foreign investment and continuous debt servicing. These factors put enormous pressure on Pak Rupee which devalued by 8% against US Dollar. On the fiscal front, the government is funding its entire deficit through local borrowings, which has resulted in crowding out of the private sector from access to credit. Given the foregoing challenges on fiscal front coupled with national elections just around the corner, GDP growth is expected to slump to 3.5% compared with an initial target of 4.2%.

The performance of the agriculture sector was less than expected. Floods in the southern region caused substantial damage to the standing crops. Further, the rising cost of electricity and fertilizers together with lower prices of major crops, specially cotton are eroding liquidity of the farmer. As a result, sale of two wheelers saw slowdown in the rural areas.

Large Scale Manufacturing (LSM) index too displayed a meager growth of less than 1.9% in 4MFY 2012-13 with major contribution coming from consumer driven industries. The major hurdle in LSM growth remains the ongoing energy crisis. This has resulted in under utilization of installed capacities and forced businesses to divert to expensive alternate energy sources.

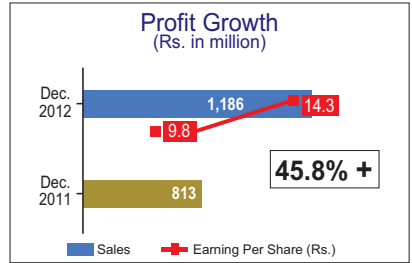
Operating Results

The Company has demonstrated an encouraging performance, a result of focused strategy - delivering stable sales growth, improved operational leverage and a better bottom line. The sales for the nine months period ended December 31, 2012 amounted to Rs. 31.4 billion, an increase of 10.5% from corresponding period. Gross margin as a percentage of sales improved to 8.6% from 7.0%. This positive performance was attributable to volume growth, better sales mix, cost cutting and other improvement measures. Distribution and marketing expenses rose to Rs. 902.6 million, a year on year increase of 25.4%. This higher spending was on account of promotion and communication activities to support the core business and launch of new products. Administrative expenses increased by 10.2% over the corresponding period of last year due to increase in personnel cost and inflation. Other operating income net of finance cost



registered at Rs. 232.1 million, which is an encouraging 9.7% higher than the corresponding period of last year. The aforementioned factors enabled the Company to register highest ever net profit before tax of Rs. 1,620.1 million.

Accordingly, net profit after tax for the period increased to Rs. 1,185.6 million from Rs. 813.1 million, up by 45.8% over the corresponding period. Healthy profit figures have improved Earnings per share (EPS) for the nine months period ended December 31, 2012 to Rs. 14.3 per share, in comparison to Rs. 9.8 per share (restated) for the corresponding period.



Future Outlook

The macroeconomic outlook for 2013 remains challenging on account of stressed fiscal position resulting from alarmingly increased government borrowings, lower Foreign Direct Investment and persistent energy shortages. There is an urgent need to implement sound economic reforms, apply long-term economic management policies and introduce alternate power sources to create a conducive business environment. Overall, rural economy holds the key to revival. Reasonable support prices, improved acreage in major crops and timely subsidies to farmers could bring favorable results to the economy. This will augur well for the automobile sector and also, will provide opportunity for the private sector to enhance its presence in the far flung areas.

The Company is determined to keep pace and is focused to overcome challenges by improving its operating results, thus, leading to significant value addition for the stakeholders. Being socially responsible, financially viable and operationally smart will remain the key objectives. Following the principles of “The Atlas Way” will help the Company to maintain its market leadership in the years ahead.

جوئندہ یا بندہ

(One who seeks, gets it)

Acknowledgement

The Company would like to acknowledge the continued support from Honda Motor Company Limited, Japan in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for its guidance and Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping to build Atlas Honda Limited into a unique company.

Yusuf H. Shirazi

Dated: January 28, 2013

Karachi

Condensed Interim Balance Sheet

As at December 31, 2012

	Note	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Assets			
Non-Current Assets			
Property, plant and equipment	5	4,557,361	3,941,610
Intangible assets		4,742	6,419
Long-term investments - available for sale		-	-
Long-term loans and advances		24,735	20,420
Long-term deposits		14,493	15,728
		<u>4,601,331</u>	<u>3,984,177</u>
Current Assets			
Stores, spares and loose tools		384,150	348,639
Stock-in-trade		2,996,817	2,161,328
Trade debts		307,451	598,265
Loans and advances		33,187	33,152
Trade deposits and prepayments	6	98,292	44,832
Short-term investments	7	1,605,669	1,460,580
Accrued mark-up / interest		6,293	4,348
Other receivables		8,166	15,338
Taxation - net		23,160	160,604
Bank balances		2,082,003	2,149,154
		<u>7,545,188</u>	<u>6,976,240</u>
		<u>12,146,519</u>	<u>10,960,417</u>
Equity and Liabilities			
Equity			
Share capital	8	827,253	719,350
Reserves		5,310,706	4,700,584
		<u>6,137,959</u>	<u>5,419,934</u>
Non-Current Liabilities			
Deferred liabilities		815,079	730,315
Current Liabilities			
Trade and other payables	9	5,193,481	4,810,168
Contingencies and Commitments			
	10		
		<u>12,146,519</u>	<u>10,960,417</u>

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



Yusuf H. Shirazi
Chairman




Saquib H. Shirazi
Chief Executive Officer


Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Period Ended December 31, 2012

	Note	Quarter ended December 31,		Nine months period ended December 31,	
		2012	2011	2012	2011
(Rupees in '000)					
Sales		10,684,950	8,990,814	31,403,727	28,425,815
Cost of sales	11	(9,772,041)	(8,358,662)	(28,695,508)	(26,431,995)
Gross profit		912,909	632,152	2,708,219	1,993,820
Distribution cost		(298,018)	(258,723)	(902,639)	(719,713)
Administrative expenses		(93,871)	(83,654)	(283,032)	(256,839)
Other operating income		76,269	67,341	239,377	218,991
Other operating expenses		(41,385)	(25,035)	(134,513)	(86,315)
Profit from operations		555,904	332,081	1,627,412	1,149,944
Finance cost		(2,110)	(2,768)	(7,315)	(7,492)
Profit before taxation		553,794	329,313	1,620,097	1,142,452
Taxation	12	(148,840)	(93,935)	(434,494)	(329,310)
Profit after taxation		404,954	235,378	1,185,603	813,142
Other comprehensive income		-	-	-	-
Total comprehensive income		404,954	235,378	1,185,603	813,142
----- (Rupees) -----					
		Restated		Restated	
Earnings per share	13	4.90	2.85	14.33	9.83

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


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Period Ended December 31, 2012

	Note	Nine months period ended December 31,	
		2012	2011
Cash Flows from Operating Activities			
Cash generated from operations	14	1,824,861	401,483
Mark-up / interest paid		-	(8,505)
Income tax paid		(230,863)	(348,475)
Contributions made to gratuity funds		(26,191)	(11,078)
Compensated absences paid		(12,286)	(3,748)
Mark-up / interest received		74,385	81,158
Workers' profit participation fund paid		(87,135)	(75,668)
Workers' welfare fund paid		(32,967)	-
Long-term loans and advances - net		(4,315)	1,026
Long-term deposits - net		1,235	(5,300)
Net cash generated from operating activities		1,506,724	30,893
Cash Flows from Investing Activities			
Fixed capital expenditure		(1,112,250)	(860,094)
Investments acquired		(175,000)	(365,000)
Sale proceeds from disposal of operating fixed assets		28,199	50,113
Sale proceeds from disposal of investments		147,875	367,813
Net cash used in investing activities		(1,111,176)	(807,168)
Cash Flows from Financing Activities			
Repayment of long-term borrowings		-	(87,500)
Dividend paid		(462,699)	(406,589)
Net cash used in financing activities		(462,699)	(494,089)
Net decrease in cash and cash equivalents		(67,151)	(1,270,364)
Cash and cash equivalents - at beginning of the period		2,149,154	2,090,800
Cash and cash equivalents - at end of the period		2,082,003	820,436

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Statement of Changes in Equity


For the Nine Months Period Ended December 31, 2012

(Rupees in '000)

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
Balance as at April 1, 2011 (audited)	625,522	39,953	165	2,582,000	1,374,774	4,622,414
Transfer to general reserve	-	-	-	860,000	(860,000)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2011 at the rate of Rs.6.50 per share	-	-	-	-	(406,589)	(406,589)
Bonus shares issued during the period in ratio of 3 shares for every 20 shares held	93,828	-	-	-	(93,828)	-
	93,828	-	-	-	(500,417)	(406,589)
Total comprehensive income for the nine months period ended December 31, 2011	-	-	-	-	813,142	813,142
Balance as at December 31, 2011 (unaudited)	719,350	39,953	165	3,442,000	827,499	5,028,967
Total comprehensive income for the three months period ended March 31, 2012	-	-	-	-	390,967	390,967
Balance as at March 31, 2012 (audited)	719,350	39,953	165	3,442,000	1,218,466	5,419,934
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2012 at the rate of Rs.6.50 per share	-	-	-	-	(467,578)	(467,578)
Bonus shares issued during the period in ratio of 3 shares for every 20 shares held	107,903	-	-	-	(107,903)	-
	107,903	-	-	-	(575,481)	(467,578)
Total comprehensive income for the nine months period ended December 31, 2012	-	-	-	-	1,185,603	1,185,603
Balance as at December 31, 2012 (unaudited)	827,253	39,953	165	4,072,000	1,198,588	6,137,959

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


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Period Ended December 31, 2012

1. The Company and its Activities

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts.

2. Basis of Preparation

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2012.

3. Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements for the year ended March 31, 2012.

4. Accounting Estimates and Judgments

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended March 31, 2012.

5. Property, Plant and Equipment

	Note	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Operating fixed assets	5.1	4,507,589	3,758,282
Capital work-in-progress		49,772	183,328
		<u>4,557,361</u>	<u>3,941,610</u>

	Note	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
5.1 Operating fixed assets			
Book value at beginning of the period / year		3,758,282	3,256,040
Additions during the period / year	5.2	1,245,806	1,050,519
Disposals, costing Rs.117,369 thousand (March 31, 2012: Rs.189,114 thousand)			
- at book value	5.3	(40,945)	(51,550)
Depreciation charge for the period / year		(455,554)	(496,727)
Book value at end of the period / year		<u>4,507,589</u>	<u>3,758,282</u>
5.2 Following is the detail of additions during the period / year:			
Building on freehold land		8,942	20,056
Building on leasehold land		119,801	5,433
Plant and machinery		696,349	680,015
Dies and jigs		268,465	151,147
Factory equipment		28,005	32,552
Office equipment		3,231	2,195
Computers and accessories		8,069	5,755
Furniture and fixtures		10,297	12,345
Electric and gas fittings		66,544	72,294
Vehicles		36,103	68,727
		<u>1,245,806</u>	<u>1,050,519</u>
5.3 Following is the detail of disposals during the period / year:			
Building on leasehold land		408	583
Plant and machinery		7,971	29,198
Dies and jigs		11,551	-
Factory equipment		924	82
Office equipment		-	36
Computers and accessories		-	27
Electric and gas fittings		306	20
Vehicles		19,785	21,604
		<u>40,945</u>	<u>51,550</u>

6. Trade Deposits and Prepayments

Includes prepayments of Rs.92,377 thousand (March 31, 2012: Rs.42,751 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
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7. Short-Term Investments - at Fair Value through Profit or Loss

Investments in mutual funds:

- Related parties	1,038,178	843,154
- Others	567,491	617,426
	<u>1,605,669</u>	<u>1,460,580</u>

8. Share Capital

During the period, a 15% issue of bonus shares in the ratio of three bonus shares for every twenty shares held by the shareholders was proposed in the Board of Directors meeting held on April 30, 2012. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on June 27, 2012. The effect of the issue of 10,790,255 bonus shares of Rs.10 each has been accounted for in this condensed interim financial information.

Note	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
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9. Trade and Other Payables

Creditors	9.1	2,743,139	2,813,264
Accrued liabilities		648,022	576,311
Royalty payable	9.2	579,307	449,084
Warranty obligations		26,514	20,657
Advances from customers		927,728	591,401
Retention money		6,739	3,840
Sales tax payable - net		79,542	175,873
Workers' profit participation fund		87,091	87,135
Workers' welfare fund		33,094	32,967
Payable to staff retirement benefit funds - gratuity		19,110	25,522
Unclaimed dividend		24,222	19,343
Other liabilities		18,973	14,771
		<u>5,193,481</u>	<u>4,810,168</u>

9.1 Includes Rs.229,850 thousand (March 31, 2012: Rs.285,050 thousand) pertaining to related parties.

9.2 Includes Rs.511,179 thousand (March 31, 2012: Rs.444,973 thousand) due to Honda Motor Company Limited, Japan - a related party.

10. Contingencies and Commitments

10.1 Contingencies

10.1.1 There is no change in status of the contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended March 31, 2012.

	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
10.1.2 Outstanding bank guarantees	75,914	70,740
10.2 Commitments		
10.2.1 Commitments in respect of:		
- capital expenditure through confirmed letters of credit	-	53,086
- capital expenditure other than through letters of credit	2,675	69,708
- raw materials and components through confirmed letters of credit	995,821	733,867

10.2.2 Commitment for rentals of ijarah arrangements for electric and gas fittings and vehicles with various banks as at December 31, 2012 amounted to Rs.154,543 thousand (March 31, 2012: Rs.153,999 thousand) payable as follows:

	December 31, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Not later than one year	57,963	60,867
Later than one year but not later than five years	96,580	93,132
	154,543	153,999

Note	Quarter ended December 31,		Nine months period ended December 31,	
	2012	2011	2012	2011
	(Unaudited) (Rupees in '000)			

11. Cost of Sales

Finished goods at beginning of the period	220,133	277,874	264,073	199,834
Cost of goods manufactured	9,404,867	7,825,671	27,260,531	25,109,301
Purchases	502,507	498,896	1,526,370	1,366,639
	9,907,374	8,324,567	28,786,901	26,475,940
Finished goods at end of the period	10,127,507 (355,466)	8,602,441 (243,779)	29,050,974 (355,466)	26,675,774 (243,779)
	9,772,041	8,358,662	28,695,508	26,431,995
11.1 Cost of goods manufactured				
Work-in-process at beginning of the period	42,638	61,515	11,113	10,112
Raw materials and components consumed	7,907,392	6,517,520	22,899,766	21,115,994
Factory overheads	1,525,847	1,309,048	4,420,662	4,045,607
	9,433,239	7,826,568	27,320,428	25,161,601
Work-in-process at end of the period	9,475,877 (71,010)	7,888,083 (62,412)	27,331,541 (71,010)	25,171,713 (62,412)
	9,404,867	7,825,671	27,260,531	25,109,301

Quarter ended December 31,		Nine months period ended December 31,	
2012	2011	2012	2011

(Unaudited)
(Rupees in '000)

12. Taxation

Current	148,840	93,935	390,697	324,264
Prior year	-	-	(22,390)	(4,786)
Deferred	-	-	66,187	9,832
	<u>148,840</u>	<u>93,935</u>	<u>434,494</u>	<u>329,310</u>

13. Earnings Per Share

Basic and diluted

Profit for the period	<u>404,954</u>	<u>235,378</u>	<u>1,185,603</u>	<u>813,142</u>
	----- (Number of shares) -----			
		Restated		Restated
Weighted average number of ordinary shares in issue during the period	<u>82,725,291</u>	<u>82,725,291</u>	<u>82,725,291</u>	<u>82,725,291</u>
	----- (Rupees) -----			
Basic and diluted earnings per share	<u>4.90</u>	<u>2.85</u>	<u>14.33</u>	<u>9.83</u>

- 13.1** 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 three and nine months period ended December 31, 2011 have been restated, taking the effect of bonus shares at the rate of 15% issued during the current period.

Note	Nine months period ended December 31,	
	2012	2011

(Unaudited)
(Rupees in '000)

14. Cash Generated from Operations

Profit before taxation	1,620,097	1,142,452
Adjustments for non-cash charges and other items:		
Depreciation of operating fixed assets	455,554	366,843
Amortization of intangible assets	1,677	1,463
Net change in fair value of 'investments at fair value through profit or loss'	(96,112)	(87,884)
Gain on sale of investments	(21,852)	(7,575)
Mark-up / interest on deposits	(76,330)	(83,324)
Mark-up / interest on short-term finances and long-term borrowings	-	2,127
Workers' profit participation fund	87,091	61,438
Workers' welfare fund	33,094	23,347
Provision for compensated absences	30,863	32,400
Provision for gratuity	19,779	19,593
Loss / (gain) on disposal of operating fixed assets	12,746	(4,458)
Working capital changes	14.1 (241,746)	(1,064,939)
	<u>1,824,861</u>	<u>401,483</u>

**Nine months period ended
December 31,**

2012	2011
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(Unaudited)
(Rupees in '000)

14.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools	(35,511)	(21,133)
Stock-in-trade	(835,489)	(836,684)
Trade debts	290,814	(32,372)
Loans and advances	(35)	(2,900)
Trade deposits and prepayments	(53,460)	(54,471)
Other receivables	7,172	(14,954)
	(626,509)	(962,514)
Increase / (decrease) in trade and other payables	384,763	(102,425)
	(241,746)	(1,064,939)

15. Financial Risk Management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended March 31, 2012.

There has been no change in Company's sensitivity to these risks since March 31, 2012 except for general exposure to fluctuations in foreign currency and interest rates. There have been no change in the risk management policies during the period.

- 15.2** There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since March 31, 2012.

16. Transactions with Related Parties

Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	Nine months period ended December 31,	
		2012	2011
		(Unaudited) (Rupees in '000)	
(i) Associates	Sales:		
	- goods and services	34,539	27,779
	- operating fixed assets	10,168	4,386
	Purchases:		
	- goods and services	3,784,487	4,091,652
	- operating fixed assets	17,767	33,976
	Sale of units in mutual funds	-	50,000
	Purchase of units in mutual funds	125,000	200,000
	Royalty	1,485,932	1,378,851
	Export commission	8,686	25,115
	Technical assistance fee	15,789	13,500
	Commission income	10,034	10,713
	Rent	68,027	59,708
	Insurance premium paid	187,607	186,407
	Insurance claims received	12,529	4,659
	Reimbursement of expenses - net	2,394	9,428
	Dividend paid	405,824	352,891
	Donation paid	8,100	14,105
(ii) Staff retirement funds	Contributions paid to provident funds / pension schemes	31,648	34,737
(iii) Key management personnel	Remuneration and other benefits	74,488	71,812

17. 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 purposes of comparison. However, no significant re-arrangements have been made.

18. Date of Authorization for Issue

This condensed interim financial information was authorized for issue by the Board of Directors on January 28, 2013.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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