



Quarterly Report
June 30, 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

Nurul Hoda
Vice President Marketing

Hisao Kobayashi
Vice President Technical

Suhail Ahmed
Chief Financial Officer

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 Shujaiddin
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 results of the Company for the three months period ended June 30, 2012.

The Economy

The Pakistan economy has gradually endured challenges from time to time. However, the current year is displaying signs of improvement while facing various global and domestic challenges. It has managed to grow 3.7% in the FY'11-12. Service and commodity producing sectors proved to be the best performing segments in sustaining gross domestic product. The resilience to economy is also supported by deceleration in Consumer Price Inflation and a maintained policy interest rate. The encouraging rise in foreign remittances continues to be a silver lining for reserves which stood at US \$ 15.2 billion, despite pressures of rising import bill and repayments of debt to International Monetary Fund.

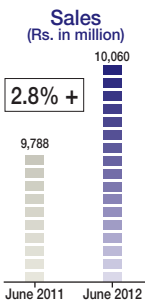
On the other hand, Current Account Deficit rose to US \$, 3.7billion for the 11 MFY 2011-12 due to 11% increase in imports and a decline of 3% in exports on Y-o-Y basis. The adverse law and order situation continues to discourage investment. Additionally, pressures on the fiscal front remain in terms of poor revenue collection and increased expenditures on debt servicing. Resultantly, fiscal deficit grew to 6% of the GDP with foreign donors showing reluctance in disbursing funds; the deficit was primarily financed through borrowing from local sources. These factors have resulted in devaluation of Pak Rupee of over 10% against US Dollar.

The agriculture sector registered a growth of 3.1% for the FY 2011-12. This was lower than initial expectations as floods affected crops in the southern part of the country in the monsoon season. Further, the wheat crop, which was expected to generate a significant cash flow in the current quarter, fell short of production target due to drop in the cotton prices in the previous harvest water shortages and rising fertilizer prices, that striped farmers' liquidity. The reduced liquidity adversely affected the demand of two wheelers by the farmers flowing from rabi income.

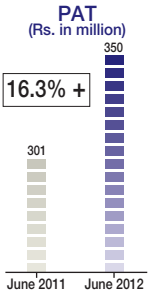
Large Scale Manufacturing (LSM) index also performed below par and grew a meager 1.1% in FY 2011-12, with pharmaceutical, food and paper industries appearing as major contributors to this increase. Energy crisis remains the major obstacle in LSM growth in the country with ever increasing fuel costs being the key threat to the financial viability of businesses.

Operating Results

The current financial year has started with encouraging results. We have been able to achieve 1st quarter results that are in line with the set objectives. The net sale for the quarter was at Rs. 10.1 billion, an increase of 2.8% over corresponding period. The gross margin during the quarter at 8.4% improved from the corresponding period, last year. This improvement was achieved through continued rationalization of sales mix, cost cutting and other improvement measures.



The distribution and marketing expenses increased 33% over the comparable period. The increase is attributable to general inflation and an increased spending on promotional activities to support the core business and the launch of new product. Administrative expenses increased 8% compared to corresponding last period, mainly due to



general inflation. On the other hand, other income, net of other expenses and finance cost decreased by 45.2% from the corresponding period, due to decline in interest income, as surplus funds were deployed in capital expenditure on plant up gradations and capacity expansion.

The aforementioned factors enabled the Company to register net profit before tax of Rs.480.1 million. Accordingly, the net profit after tax for the period increased to Rs. 350.4 million from Rs. 300.7, up 17% over the corresponding period. The earnings per share was Rs. 4.2 per share, in comparison to Rs. 3.6 per share (restated) of the corresponding period.

Future Outlook

The key challenges facing Pakistan's economy emanate from long standing structural issues which have continued to stifle economic activity and growth. The macroeconomic outlook is largely dependent on the government's ability to control fiscal deficit while addressing energy shortage to revitalize LSM and GDP growth. Agriculture, with 21% contribution to GDP, holds the key to economic revival. Support price and subsidies to farmers will buck up rural areas and also benefit the two wheeler industry. With a population of 180 million and significant resources at the country's disposal, the Company believes that the economy has the potential of taking strides towards significant growth and a promising future.


With its enhanced capacity, newly developed models, management skills and market leadership, the Company will combat current economic challenges and continue to demonstrate sustainable growth. The Company will continue to follow the "Atlas Way", a principle which has helped the Company in overcoming numerous challenges over the years and promises to guide it further towards future prosperity.

ع گیسوئے تابدار کو اور بھی تابدار کر
(Let us continue to brighten the future)

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. of the Company for his inspiring leadership. I would also like to acknowledge the continued support of all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping build Atlas Honda a unique company in the two wheeler industry.

Dated: July 30, 2012
Karachi


Yusuf H. Shirazi

Condensed Interim Balance Sheet

As at June 30, 2012


	Note	June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Assets			
Non-Current Assets			
Property, plant and equipment	5	4,675,238	3,941,610
Intangible assets		5,835	6,419
Long-term investments		-	-
Long-term loans and advances		22,594	20,420
Long-term deposits		17,108	15,728
		<hr/>	<hr/>
		4,720,775	3,984,177
Current Assets			
Stores, spares and loose tools		347,094	348,639
Stock-in-trade	6	2,932,624	2,161,328
Trade debts		599,488	598,265
Loans and advances		38,136	33,152
Trade deposits and prepayments		18,207	44,832
Short-term investments	7	1,497,403	1,460,580
Accrued mark-up / interest		12,038	4,348
Other receivables		22,049	15,338
Taxation - net		217,946	160,604
Cash and bank balances		1,634,899	2,149,154
		<hr/>	<hr/>
		7,319,884	6,976,240
		<hr/>	<hr/>
		12,040,659	10,960,417
		<hr/> <hr/>	<hr/> <hr/>


Condensed Interim Balance Sheet

As at June 30, 2012

	Note	June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Equity and Liabilities			
Equity			
Share capital	8	827,253	719,350
Reserves		4,475,556	4,700,584
		<hr/>	<hr/>
		5,302,809	5,419,934
Non-Current Liabilities			
Deferred liabilities		742,625	730,315
Current Liabilities			
Trade and other payables		5,995,225	4,810,168
Contingencies and Commitments			
	10		
		<hr/>	<hr/>
		12,040,659	10,960,417
		<hr/>	<hr/>

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 Three Months Period Ended June 30, 2012

	Note	Three months period ended June 30,	
		2012	2011
		(Rupees in '000)	
Sales		10,060,181	9,788,383
Cost of sales	11	(9,212,038)	(9,101,325)
Gross profit		848,143	687,058
Distribution cost		(305,032)	(229,862)
Administrative expenses		(92,759)	(85,823)
Other operating income		69,085	90,137
Other operating expenses		(36,133)	(32,101)
Profit from operations		483,304	429,409
Finance cost		(3,166)	(3,668)
Profit before taxation		480,138	425,741
Taxation	12	(129,685)	(125,065)
Profit after taxation		350,453	300,676
Other comprehensive income		-	-
Total comprehensive income		350,453	300,676
		(Rupees)	
Earnings per share - basic and diluted	13	4.24	Restated 3.63

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 Three Months Period Ended June 30, 2012

	Note	June 30,	
		2012	2011
Cash Flows from Operating Activities			
Cash generated from operations	14	634,240	259,955
Mark-up / interest paid		-	(7,725)
Income tax paid		(187,027)	(164,361)
Compensated absences paid		(1,296)	(361)
Workers' profit participation fund paid		(87,135)	(75,668)
Mark-up / interest received		10,799	36,208
Long-term loans and advances - net		(2,174)	974
Long-term deposits - net		(1,380)	(4,614)
Net cash generated from operating activities		366,027	44,408
Cash Flows from Investing Activities			
Fixed capital expenditure		(889,115)	(264,610)
Investments acquired		-	(250,000)
Sale proceeds from disposal of operating fixed assets		8,833	29,299
Sale proceeds from disposal of investments		-	250,000
Net cash used in investing activities		(880,282)	(235,311)
Cash Flows from Financing Activities			
Repayment of long-term borrowings		-	(87,500)
Net decrease in cash and cash equivalents		(514,255)	(278,403)
Cash and cash equivalents at beginning of the period		2,149,154	2,090,800
Cash and cash equivalents at end of the period		1,634,899	1,812,397

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

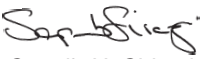
For the Three Months Period Ended June 30, 2012

(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. 6.5 per share	-	-	-	-	(406,589)	(406,589)
Bonus shares issued during the year 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 three months period ended June 30, 2011	-	-	-	-	300,676	300,676
Balance as at June 30, 2011 (Unaudited)	719,350	39,953	165	3,442,000	315,033	4,516,501
Total comprehensive income for the nine months period ended March 31, 2012	-	-	-	-	903,433	903,433
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. 6.5 per share	-	-	-	-	(467,578)	(467,578)
Bonus shares issued during the year 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 three months period ended June 30, 2012	-	-	-	-	350,453	350,453
Balance as at June 30, 2012 (Unaudited)	827,253	39,953	165	4,072,000	363,438	5,302,809

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 Three Months Period Ended June 30, 2012

1. Legal Status and Operations

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913, now Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore stock exchanges of Pakistan. The registered office is located at 1-Mcleod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembly facilities of the Company are located at Karachi and Sheikhpura, with branch offices, warranty and training centers and other offices located at Karachi, Multan, Lahore, Rahim Yar Khan, Hyderabad, and Rawalpindi.

2. Basis of Presentation

2.1 This condensed interim financial information of the Company for the three months period ended June 30, 2012 is unaudited and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi and Lahore stock exchanges and has been prepared in accordance with the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Ordinance. Wherever the requirements of IAS 34 differ from the requirements of the Ordinance or directives issued by the SECP, the Ordinance and the said directives have been followed.

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

2.3 This condensed interim financial information is presented in Pak Rupee, which is the functional currency of the Company. All the financial information presented in Pak Rupee has been rounded off to the nearest thousand, unless otherwise stated.

3. Summary of Significant Accounting Policies

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

3.2 No new accounting standards, amendments to approved accounting standards and interpretations became effective during the period, which were either relevant to the Company or had any significant impact on Company's financial information.

4. Critical Accounting Estimates and Judgments

4.1 The preparation of this condensed interim financial information requires the use of certain critical accounting estimates and underlying 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 expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results, however, the differences are not expected to be significant.

4.2 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 applied to annual audited financial statements of the Company for the year ended March 31, 2012.

	Note	June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
5. Property, Plant and Equipment			
Operating fixed assets	5.1	3,875,707	3,758,282
Capital work-in-progress		799,531	183,328
		<u>4,675,238</u>	<u>3,941,610</u>
5.1 Operating fixed assets			
Book value at beginning of the period / year		3,758,282	3,256,040
Additions	5.2	272,912	1,050,519
Disposals, costing Rs. 24,795 thousand (March 31, 2012: Rs. 187,504 thousand)			
- at book value	5.3	(10,098)	(51,505)
Write offs, costing Rs. 3,814 thousand (March 31, 2012: Rs. 1,610 thousand)			
- at book value		(768)	(45)
Depreciation charge for the period / year		(144,621)	(496,727)
Book value at end of the period / year		<u>3,875,707</u>	<u>3,758,282</u>
5.2 Additions			
Building on freehold land		-	20,056
Building on leasehold land		76,281	5,433
Plant and machinery		18,563	680,015
Dies and jigs		114,812	151,147
Factory equipment		19,176	32,552
Office equipment		748	2,195
Computers and accessories		4,576	5,755
Furniture and fixtures		3,235	12,345
Electric and gas fittings		29,342	72,294
Vehicles		6,179	68,727
		<u>272,912</u>	<u>1,050,519</u>
5.3 Disposals - at book value			
Building on leasehold land		-	583
Plant and machinery		6,011	29,198
Factory equipment		399	82
Computers and accessories		-	27
Electric and gas fittings		-	11
Vehicles		3,688	21,604
		<u>10,098</u>	<u>51,505</u>

June 30,
2012
(Unaudited)
(Rupees in '000)

March 31,
2012
(Audited)

6. Stock-in-Trade

Raw materials and components	2,519,056	1,706,831
Work-in-process	37,103	11,113
Finished goods	296,515	264,073
In-transit	85,075	184,436
	<hr/>	<hr/>
	2,937,749	2,166,453
Provision for slow moving stocks	(5,125)	(5,125)
	<hr/>	<hr/>
	<u>2,932,624</u>	<u>2,161,328</u>

7. Short-Term Investments - at Fair Value through Profit or Loss

Investment in mutual funds:		
Related parties	866,505	843,154
Others	630,898	617,426
	<hr/>	<hr/>
	<u>1,497,403</u>	<u>1,460,580</u>

8. Share Capital

June 30, March 31,
2012 2012
(Unaudited) (Audited)
(Number of shares)

<u>100,000,000</u>	<u>100,000,000</u>	Authorized capital	1,000,000	1,000,000
		Ordinary shares of Rs. 10 each		
		Issued, subscribed and paid-up capital		
71,935,036	62,552,206	Balance at beginning of the period / year	719,350	625,522
10,790,255	9,382,830	Issued ordinary shares of Rs.10 each as fully paid bonus shares	107,903	93,828
		Balance at end of the period / year	<hr/>	<hr/>
<u>82,725,291</u>	<u>71,935,036</u>		<u>827,253</u>	<u>719,350</u>

9. Short-Term Finances

- 9.1** Short-term finance facilities are available from various commercial banks under mark-up arrangements aggregating to Rs. 2,865,000 thousand (March 31, 2012: Rs. 2,865,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to the extent of Rs. 4,058,000 thousand (March 31, 2012: Rs. 4,058,000 thousand). These facilities carry mark-up at the rates ranging from 12.42% to 13.17% (March 31, 2012: 12.41% to 14.79%) per annum. These facilities are expiring on various dates by December 31, 2012. The mark-up on these facilities is payable on quarterly basis. There is no availed balance outstanding against these facilities as at June 30, 2012.
- 9.2** Foreign currency finance and export re-finance facilities aggregating to Rs. 400,000 thousand (March 31, 2012: Rs. 400,000 thousand) are also available to the Company from various commercial banks, secured against lien on export bills / contracts.

10. Contingencies and Commitments

10.1 Contingencies

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

	June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
10.2 Outstanding bank guarantees	<u>72,529</u>	<u>70,740</u>

Guarantees are issued by commercial banks to Collector of Customs and other Government Institutions for imported raw materials and spare parts as part of normal operations.

10.3 Commitments

- 10.3.1** Rentals due under Ijarah agreements for electric and gas fittings and vehicles with various banks:

	June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Not later than one year	56,764	60,867
Later than one year but not later than five years	82,792	93,132
	<u>139,556</u>	<u>153,999</u>

- 10.3.2** Commitments in respect of confirmed letters of credit relating to:

Capital expenditure	18,333	53,086
Raw materials and components	901,621	733,867
	<u>919,954</u>	<u>786,953</u>

	Note	Three months period ended June 30,	
		2012 (Unaudited) (Rupees in '000)	2011
11. Cost of Sales			
Finished goods at beginning of the period		264,073	199,834
Cost of goods manufactured	11.1	8,712,959	8,666,515
Purchases		531,521	458,665
		9,244,480	9,125,180
		9,508,553	9,325,014
Finished goods at end of the period		(296,515)	(223,689)
		9,212,038	9,101,325
11.1 Cost of goods manufactured			
Work-in-process at beginning of the period		11,113	10,112
Raw materials and components consumed		7,333,638	7,331,717
Factory overheads		1,405,311	1,364,577
		8,738,949	8,696,294
		8,750,062	8,706,406
Work-in-process at end of the period		(37,103)	(39,891)
		8,712,959	8,666,515
12. Taxation			
Current year		129,685	129,851
Adjustments of prior years		-	(4,786)
		129,685	125,065
13. Earnings per Share			
Profit after taxation		350,453	300,676
		(Number of shares)	
Weighted average number of ordinary shares in issue during the period (note 8)		82,725,291	82,725,291
		(Rupees)	
Basic earnings per share		4.24	Restated 3.63

13.1 There is no dilutive effect on the basic earnings per share of the Company. Number of shares in issue and earnings per share for the three months period ended June 30, 2011 have been restated, taking the effect of bonus shares at the rate of 15% issued during the current period.

	Note	Three months period ended June 30,	
		2012	2011
		(Unaudited) (Rupees in '000)	
14. Cash Generated from Operations			
Profit before taxation		480,138	425,741
Adjustment for non-cash charges and other items			
Depreciation of operating fixed assets	5.1	144,621	122,488
Amortization of intangible assets		584	429
Net change in fair value of investments at fair value through profit or loss		(36,823)	(30,880)
Gain on sale of investments		-	(4,334)
Mark-up / interest on deposits		(18,489)	(39,647)
Mark-up / interest on short-term finances		-	1,347
Workers' profit participation fund		25,814	22,892
Provision for compensated absences		13,607	12,795
Loss / (gain) on disposal of operating fixed assets		1,265	(9)
Operating fixed assets written off		768	-
Working capital changes	14.1	22,755	(250,867)
		<u>634,240</u>	<u>259,955</u>
14.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		1,545	5,255
Stock-in-trade		(771,296)	(749,503)
Trade debts		(1,223)	(122,301)
Loans and advances		(4,984)	(2,964)
Trade deposits and prepayments		26,625	17,305
Other receivables		(6,711)	(10,491)
		(756,044)	(862,699)
Increase in trade and other payables		778,799	611,832
		<u>22,755</u>	<u>(250,867)</u>

15. Financial Risk Management

15.1 This condensed interim financial information does not include all the financial risk management information and disclosures as required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2012. The Company's activities expose it to a variety of financial risks, which are (i) market risk (including foreign currency risk, interest rate risk and other price risk), (ii) credit risk and (iii) liquidity risk. There has been no change in Company's sensitivity to these risks since March 31, 2012, except for the general exposure to fluctuations in foreign currency and interest rates. There have been no changes in the treasury department and risk management policies of the Company during the period.

15.2 Short-term investments of the Company, as given in note 7 are recognized at fair value and are placed at level 1 in the fair value measurement hierarchy, due to the reason that they are tradable at a quoted price in the active market. There were no significant changes in the business or economic circumstances during the period that would have affected the fair value of the financial assets of the Company. No reclassifications in the categories of financial assets have been made since March 31, 2012.

16. Transactions with Related Parties

Related parties comprise of associated companies, Directors of the Company, key management personnel and staff retirement funds / schemes. Details of the transactions carried out with related parties during the period are as follows:

Relationship with the Company	Nature of transactions	Three months period ended June 30,	
		2012 (Unaudited) (Rupees in '000)	2011
Associated companies	Sales		
	- goods and services	6,329	9,017
	- operating fixed assets	7,794	3,543
	Purchases		
	- goods and services	1,374,797	1,460,140
	- operating fixed assets	2,062	6,372
	Purchase of units in mutual funds	-	150,000
	Royalty	478,461	470,650
	Export commission	4,905	11,371
	Technical assistance fee	4,149	8,500
	Commission income	5,155	6,129
	Rent	9,706	8,824
	Insurance premium paid	27,666	26,116
Insurance claims received	2,054	798	
Reimbursement of expenses - net	174	527	
Staff retirement funds/ schemes	Contributions paid	10,689	9,741
Directors and other key management personnel	Remuneration and other benefits	26,029	25,041
		June 30, 2012 (Unaudited) (Rupees in '000)	March 31, 2012 (Audited)
Period / year end balances			
Trade and other payables		726,621	755,545

17. Date of Authorization for Issue

This condensed interim financial information was authorized for issue on July 30, 2012 by the Board of Directors of the Company.

18. Corresponding Figures

Corresponding figures in the condensed interim balance sheet comprise of balances as per the annual audited financial statements of the Company for the year ended March 31, 2012 and corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity comprise of unaudited balances of comparable period of the immediately preceding financial year i.e. three months period ended June 30, 2011. Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation, the effect of which is not material.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

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