



HALF YEARLY REPORT

September 30, 2013



TABLE OF CONTENTS

Company Information	1
Chairman's Review	3
Auditors' Report to the Members on Review of Interim Financial Information	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Notes to the Condensed Interim Financial Information	10

Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Hisao Kobayashi
Director

Hiroaki Hirose
Director

Nurul Hoda
Director

Sanaullah Qureshi
Director

Shigeki Takane
Director

Tariq Amin
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
Vice President Marketing

Hisao Kobayashi
Vice President Technical

Kashif Yasin
Chief Financial Officer

Muhammad Khalid Aziz
General Manager Plants

Sultan Ahmed
General Manager Quality Assurance

Hiroaki Hirose
General Manager Technical

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

Muhammad Qadeer Khan
General Manager Engineering & 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
Bank Alfalah Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan 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

I am pleased to present the unaudited condensed interim financial information of the Company for the half year ended September 30, 2013, duly reviewed by the statutory auditors of the Company.

The Economy

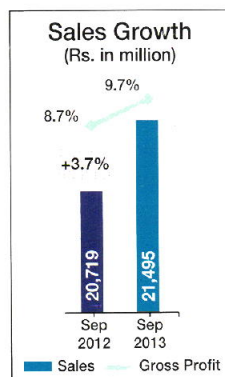
The economy is steadily heading towards growth but sustainable performance has remained largely elusive. Inflation remains at 8.0%. Foreign direct investment posted growth of 101%, reaching USD 105.4 million compared with the last comparable period. Workers' remittances of USD 3.9 billion and disbursement from IMF under new loan program injected much needed cash flow in the economy. The trade deficit narrowed down by 5.2% as exports went up by 9.2% in comparison to 3% increase in imports. The improving trade imbalance helped in reducing the Current Account Deficit to USD 632 million. However, pressure on the external front on account of loan repayments to IMF reduced foreign currency reserves to USD 10 billion. Falling reserves, in turn, caused devaluation of Pak Rupee by 6.4% against US Dollar. Given the low tax collections and structural issues, fiscal deficit and its financing remains a source of concern. The increase in GST and reduction in energy sector subsidies are some of the measures the government has taken to address the fiscal imbalance. Anticipating the consequent inflationary pressure and further devaluation of currency, SBP raised policy rate by 50 bps to 9.5%.

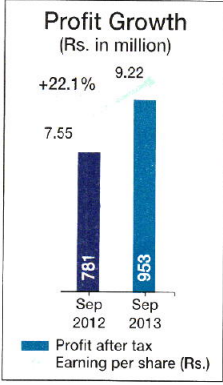
The performance of agriculture sector was mixed. Prolonged monsoon rains and floods damaged the standing crops affecting the yields of kharif crops. This was neutralized somewhat by production gains in wheat crop. However, higher fertilizer prices, power outages and rising input costs continued to depress the demand of two wheelers in the rural areas.

Large Scale Manufacturing posted healthy growth of 6.5% during 2MFY14. Fertilizer, petroleum, food and paper products sectors were major contributors. However, persistence of energy shortages and ever increasing fuel costs remain the key threat to the financial viability of businesses.

Operating Results

As the Company has entered into 50th year since its inception, it placed greater emphasis on the strategic objectives aimed at delivering sustainable long term growth. For the half year ended September 30, 2013, the Company posted revenue of Rs. 21.5 billion, an increase of 3.7% over the corresponding period. Gross profit margin as a percentage of sales improved to 9.7% from 8.7%. This improvement in margin was due to positive volume trend, optimum product mix, weakening of JPY against USD and cost control measures. Sales & marketing expenses and administrative expenses were Rs. 840.2 million, an increase 5.8% over the corresponding period. The increase mainly represents spending





on advertising and promotional activities for strengthening the brand image and effects of general inflation. The aforementioned factors enabled the Company to register highest ever net profit before taxation at Rs. 1,304.8 million.

Accordingly, net profit after taxation was recorded at Rs. 953.3 million, an increase of 22.1% over the corresponding period. Based on the healthy profit figures, Earnings per Share for the six months period ended September 2013 improved to Rs. 9.22 for the period as against Rs. 7.55 for the corresponding period.

Future Outlook

The macroeconomic outlook remains challenging on account of the tight fiscal position and vulnerability associated with adverse balance of payments. Furthermore, rising government borrowings and ongoing energy crisis are likely to constrain economic recovery prospects. The Government has shown its intention to bring fiscal deficit down by taking various revenue measures and controlling expenditures through reduction in subsidies. Also, improving law and order situation and clarity of policies on the political front can reignite confidence of foreign investors. Agriculture, being the largest employer, holds the key to revival. Reasonable support prices, improved acreage and timely subsidies to farmers will bring positive results to the economy. The domino effect of agriculture growth always boosts the two wheeler industry due to its role as the main source of transportation in the rural areas.

With sights set on sustained and qualitative long term growth, the Company strives for the best use of resources and optimum operational excellence leading to significant value addition for the stakeholders. The Company believes that the principles of "The Atlas Way" will continue to provide a firm foundation for the future development and growth.

پرواز ہے دونوں کی اسی ایک فضا میں
کرگس کا جہاں اور ہے شاہین کا جہاں اور

(One gets what one aims at and works for it)

Acknowledgement

The Atlas Group takes pride in its partnership with Honda Motor Company Limited and would like to acknowledge their continued support and cooperation 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 their guidance, 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: October 30, 2013
Karachi



HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Atlas Honda Limited as at September 30, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended September 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended September 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: October 30, 2013
Engagement partner: Muhammad Ali

LAHORE:
HM House, 7-Bank Square.
Tel : 37235084-87 Fax : 042-37235083
E-mail : lh@hccpk.com
URL : www.hccpk.com

KARACHI:
Karachi Chambers, Hasrat Mohani Road.
Tel : 32411474, 32412754
Fax : 021-32424835 E-mail : khi@hccpk.com
URL : www.hccpk.com


Praxity
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

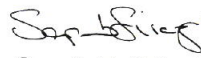
Condensed Interim Balance Sheet

As at September 30, 2013

		(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013 Restated
Note			
Assets			
Non-Current Assets			
	5	4,471,831	4,421,744
Property, plant and equipment			
Intangible assets	6	6,752	5,555
Long term investments		-	-
Long term loans and advances		25,360	25,583
Long term deposits		7,415	8,399
		4,511,358	4,461,281
Current Assets			
		374,879	390,250
Stores, spares and loose tools		2,435,323	2,171,536
Stock-in-trade		450,453	514,742
Trade debts		35,377	33,253
Loans and advances		141,457	47,722
Trade deposits and prepayments	7	2,449,721	1,635,183
Short term investments	8	10,682	11,603
Accrued mark-up / interest		8,930	6,302
Other receivables		-	2,578
Taxation - net		3,684,376	2,739,988
Bank balances		9,591,198	7,553,157
		14,102,556	12,014,438
Equity and Liabilities			
Equity			
	9	1,034,066	827,253
Share capital		5,827,944	5,701,885
Reserves		6,862,010	6,529,138
Non-Current Liabilities			
		189,412	170,248
Compensated absences		631,880	680,665
Deferred taxation	10	821,292	850,913
Current Liabilities			
	11	6,415,124	4,634,387
Trade and other payables		4,130	-
Taxation - net		6,419,254	4,634,387
		7,240,546	5,485,300
Contingencies and Commitments			
	12	14,102,556	12,014,438

The annexed notes 1 to 19 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 Half Year Ended September 30, 2013

		Quarter ended September 30,		Half year ended September 30,	
	Note	2013	2012	2013	2012
		(Rupees in '000)			
Sales		10,735,499	10,658,596	21,495,474	20,718,777
Cost of sales	13	(9,732,752)	(9,711,429)	(19,408,164)	(18,923,467)
Gross profit		1,002,747	947,167	2,087,310	1,795,310
Sales and marketing expenses		(306,123)	(299,589)	(623,542)	(604,621)
Administrative expenses		(110,336)	(96,402)	(216,661)	(189,161)
Other operating income		91,787	94,023	165,037	163,108
Other operating expenses		(51,218)	(56,995)	(103,088)	(93,128)
Profit from operations		626,857	588,204	1,309,056	1,071,508
Finance cost		(1,028)	(2,039)	(4,218)	(5,205)
Profit before taxation		625,829	586,165	1,304,838	1,066,303
Taxation		(161,412)	(155,969)	(351,526)	(285,654)
Profit after taxation		464,417	430,196	953,312	780,649
Other comprehensive income		-	-	-	-
Total comprehensive income		464,417	430,196	953,312	780,649
----- (Rupees) -----					
		Restated		Restated	
Earnings per share - basic and diluted	14	4.49	4.16	9.22	7.55

The annexed notes 1 to 19 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 Half Year Ended September 30, 2013

		Half year ended September 30,	
	Note	2013	2012
		(Rupees in '000)	
Cash Flows from Operating Activities			
Cash generated from operations	15	3,131,378	1,792,930
Income tax paid		(393,603)	(289,262)
Contributions made to gratuity funds		(26,371)	-
Compensated absences paid		(1,767)	(3,851)
Mark-up / interest received		78,599	44,814
Workers' profit participation fund paid		(118,931)	(87,135)
Long term loans and advances - net		223	(3,543)
Long term deposits - net		984	(3,015)
Net cash generated from operating activities		2,670,512	1,450,938
Cash Flows from Investing Activities			
Fixed capital expenditure		(374,566)	(1,029,908)
Investments acquired		(1,049,528)	(50,000)
Sale proceeds from disposal of operating fixed assets		7,295	17,302
Sale proceeds from disposal of investments		300,000	20,000
Net cash used in investing activities		(1,116,799)	(1,042,606)
Cash Flows from Financing Activities			
Dividend paid		(609,325)	(460,979)
Net increase / (decrease) in cash and cash equivalents		944,388	(52,647)
Cash and cash equivalents - at beginning of the period		2,739,988	2,149,154
Cash and cash equivalents - at end of the period		3,684,376	2,096,507

The annexed notes 1 to 19 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 Half Year Ended September 30, 2013

(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, 2012 - as previously reported	719,350	39,953	165	3,442,000	1,218,466	5,419,934
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.1 (net of tax)	-	-	-	-	(33,073)	(33,073)
Balance as at April 1, 2012 - as restated	719,350	39,953	165	3,442,000	1,185,393	5,386,861
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Transactions with owners						
Bonus shares issued during the period in ratio of 3 shares for every 20 shares held	107,903	-	-	-	(107,903)	-
Final cash dividend for the year ended March 31, 2012 at the rate of Rs.6.50 per share	-	-	-	-	(467,578)	(467,578)
	107,903	-	-	-	(575,481)	(467,578)
Total comprehensive income for the half year ended September 30, 2012	-	-	-	-	780,649	780,649
Balance as at September 30, 2012 - as restated (unaudited)	827,253	39,953	165	4,072,000	760,561	5,699,932
Total comprehensive income for the six months period ended March 31, 2013	-	-	-	-	827,155	827,155
Re-measurement of defined benefit plans (net of tax)	-	-	-	-	2,051	2,051
Balance as at March 31, 2013 - as restated	827,253	39,953	165	4,072,000	1,589,767	6,529,138
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Transactions with owners						
Bonus shares issued during the period in ratio of 1 share for every 4 shares held	206,813	-	-	-	(206,813)	-
Final cash dividend for the year ended March 31, 2013 at the rate of Rs.7.50 per share	-	-	-	-	(620,440)	(620,440)
	206,813	-	-	-	(827,253)	(620,440)
Total comprehensive income for the half year ended September 30, 2013	-	-	-	-	953,312	953,312
Balance as at September 30, 2013 (unaudited)	1,034,066	39,953	165	4,702,000	1,085,826	6,862,010

The annexed notes 1 to 19 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 Half Year Ended September 30, 2013

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 (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, 2013 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2013.

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, 2013 except as follows:

3.1 Initial application of a standard, amendment or interpretation to an existing standard:

The Company has applied IAS 19 - Employee benefits (revised in June 2011) which is applicable for annual periods beginning on or after January 1, 2013. In accordance with the transitional provisions as set out in IAS 19, the Company has applied the revised standard retrospectively and consequently the earliest period presented in the condensed interim statement of changes in equity and the condensed interim balance sheet have been restated.

The revised standard 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 impacts of retrospective application of IAS 19 (Revised) are as follows:

	Trade and other payable	Deferred taxation	Equity
	-----	(Rupees in '000)	-----
Balance as at March 31, 2012 as previously reported	4,810,168	576,437	5,419,934
Restatement - recognition of re-measurement loss	50,201	(17,128)	(33,073)
Restated balance as at March 31, 2012	4,860,369	559,309	5,386,861
Balance as at March 31, 2013 as previously reported	4,587,303	696,727	6,560,160
Restatement - recognition of re-measurement loss / gain			
- For the year 2012	50,201	(17,128)	(33,073)
- For the year 2013	(3,117)	1,066	2,051
Restated balance as at March 31, 2013	4,634,387	680,665	6,529,138

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

4. Accounting Estimates and Judgements

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 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.

During the preparation of 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 that were applied to the audited annual financial statements for the year ended March 31, 2013.

	Note	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013
5. Property, Plant and Equipment			
Operating fixed assets	5.1	4,350,740	4,385,058
Capital work-in-progress		121,091	36,686
		<u>4,471,831</u>	<u>4,421,744</u>
		(Unaudited) Half year ended September 30, 2013 (Rupees in '000)	(Audited) Year ended March 31, 2013

5.1 Operating fixed assets

Net book value at beginning of the period / year		4,385,058	3,758,282
Additions during the period / year	5.2	286,922	1,306,268
Disposals and write-off, costing Rs.49,481 thousand (March 31, 2013: Rs.167,353 thousand)			
- at net book value		(12,231)	(58,370)
Depreciation charge for the period / year		(309,009)	(621,122)
Net book value at end of the period / year		<u>4,350,740</u>	<u>4,385,058</u>

5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:

Building on freehold land	665	8,942
Building on leasehold land	-	118,967
Plant and machinery	145,433	707,681
Dies and jigs	74,365	296,430
Factory equipment	13,604	39,823
Office equipment	92	3,202
Computers and accessories	8,687	10,769
Furniture and fixtures	157	10,346
Electric and gas fittings	26,442	67,292
Vehicles	17,477	42,816
	<u>286,922</u>	<u>1,306,268</u>

	(Unaudited) Half year ended September 30, 2013 (Rupees in '000)	(Audited) Year ended March 31, 2013
6. Intangible assets		
Net book value at the beginning of the period / year	5,555	6,419
Additions during the period / year - software licenses	3,239	1,474
	<u>8,794</u>	<u>7,893</u>
Amortisation charged during the period / year	(2,042)	(2,338)
Net book value at the end of the period / year	<u>6,752</u>	<u>5,555</u>

7. Trade Deposits and Prepayments

Include prepayments of Rs.137,540 thousand (March 31, 2013: Rs.45,349 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013
8. Short-term Investments - at Fair Value through Profit or Loss		

Investments in units of mutual funds:

- Related parties	1,850,414	1,056,901
- Others	599,307	578,282
	<u>2,449,721</u>	<u>1,635,183</u>

9. Share Capital

9.1 Authorised capital

150,000,000 (March 31, 2013: 100,000,000)		
Ordinary shares of Rs.10 each	<u>1,500,000</u>	<u>1,000,000</u>

9.2 Issued, subscribed and paid-up capital

(Unaudited) September 30, 2013	(Audited) March 31, 2013		(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013
--- Number of shares ---				
6,352,748	6,352,748	Ordinary shares of Rs.10 each fully paid in cash	63,528	63,528
96,794,566	76,113,243	Ordinary shares of Rs.10 each issued as fully paid bonus shares	967,945	761,132
259,300	259,300	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	2,593	2,593
<u>103,406,614</u>	<u>82,725,291</u>		<u>1,034,066</u>	<u>827,253</u>

9.2.1 During the period, a 25% issue of bonus share in the ratio of one bonus share for every four shares held by the shareholders was approved by members in the Annual General Meeting held on June 19, 2013 after proposal were made in the Board of Directors meeting held on April 30, 2013.

10. Deferred Taxation

As at September 30, 2013, deferred tax asset / liability on the deductible / taxable temporary differences has been recognised at the rate of 34%, being the rate substantively enacted at the balance sheet date and is expected to apply to the periods when the asset is realized or the liability is settled.

11. Trade and other Payables

	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013 Restated
Creditors	2,486,019	2,173,387
Accrued liabilities	808,424	679,023
Royalty payable	596,175	613,886
Warranty obligations	32,412	27,812
Advances from customers	1,836,826	613,684
Retention money	5,915	6,311
Sales tax payable	390,382	237,575
Workers' profit participation fund	70,077	118,931
Workers' welfare fund	80,316	53,687
Payable to staff retirement benefit funds - gratuity	55,294	70,687
Unclaimed dividends	34,805	23,690
Others	18,479	15,714
	<u>6,415,124</u>	<u>4,634,387</u>

12. Contingencies and Commitments

12.1 Contingencies

12.1.1 There is no change in status of the contingencies as disclosed in note 22.1 of the audited annual financial statements of the Company for the year ended March 31, 2013.

	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013
--	--	--------------------------------

12.1.2 Outstanding bank guarantees	<u>73,668</u>	<u>118,315</u>
------------------------------------	---------------	----------------

12.2 Commitments

12.2.1 Commitments in respect of:

- capital expenditure other than letters of credit	<u>16,032</u>	<u>91,220</u>
- capital expenditure, raw materials and components through confirmed letters of credit	<u>1,187,291</u>	<u>1,349,083</u>

12.2.2 Aggregate commitments for Ijarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:

	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013
Not later than one year	98,919	119,172
Over one to five years	63,117	43,626
	<u>162,036</u>	<u>162,798</u>

		(Unaudited)			
		Quarter ended		Half year ended	
		September 30,	September 30,	September 30,	September 30,
		2013	2012	2013	2012
Note		(Rupees in '000)			
13. Cost of Sales					
Finished goods at beginning of the period		282,713	296,515	250,247	264,073
Cost of goods manufactured	13.1	9,314,844	9,142,705	18,541,365	17,855,664
Purchases		471,206	492,342	952,563	1,023,863
		9,786,050	9,635,047	19,493,928	18,879,527
		10,068,763	9,931,562	19,744,175	19,143,600
Finished goods at end of the period		(336,011)	(220,133)	(336,011)	(220,133)
		9,732,752	9,711,429	19,408,164	18,923,467

13.1 Cost of goods manufactured

Work-in-process at beginning of the period	31,046	37,103	6,587	11,113
Raw materials and components consumed	7,782,293	7,658,736	15,491,839	14,992,374
Factory overheads	1,548,533	1,489,504	3,089,967	2,894,815
	9,330,826	9,148,240	18,581,806	17,887,189
	9,361,872	9,185,343	18,588,393	17,898,302
Work-in-process at end of the period	(47,028)	(42,638)	(47,028)	(42,638)
	9,314,844	9,142,705	18,541,365	17,855,664

14. Earnings per Share

- basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Net profit for the period	464,417	430,196	953,312	780,649
---------------------------	---------	---------	---------	---------

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

	Restated		Restated	
Weighted average number of ordinary shares in issue during the period	103,406,614	103,406,614	103,406,614	103,406,614

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

Basic and diluted earnings per share	4.49	4.16	9.22	7.55
--------------------------------------	------	------	------	------

		(Unaudited) Half year ended September 30,	
		2013	2012
		(Rupees in '000)	
Note			
15. Cash Generated from Operations			
		1,304,838	1,066,303
Profit before taxation			
Adjustments for non-cash charges and other items:			
		309,009	286,931
		2,042	1,137
		(59,300)	(82,079)
		(5,710)	(110)
		(77,678)	(48,348)
		70,077	57,269
		26,629	21,762
		20,931	24,797
		10,978	13,185
		4,936	13,024
	15.1	1,524,626	439,059
		<u>3,131,378</u>	<u>1,792,930</u>

15.1 Working capital changes

Decrease / (increase) in current assets:

Stores, spares and loose tools	15,371	(24,183)
Stock-in-trade	(263,787)	(58,188)
Trade debts	64,289	(19,343)
Loans and advances	(2,124)	(2,615)
Trade deposits and prepayments	(93,735)	(86,945)
Other receivables	(2,628)	(4,103)
	(282,614)	(195,377)
Increase in trade and other payables	1,807,240	634,436
	<u>1,524,626</u>	<u>439,059</u>

16. Financial Risk Management

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 statement for the year ended March 31, 2013.

There has been no change in Company's sensitivity to these risks since March 31, 2013 except for general exposure to fluctuations in foreign currency and interest rates. There have been no changes in the risk management policies during the period.

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, 2013.

17. Transactions with Related Parties

17.1 Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	(Unaudited) Half year ended	
		September 30, 2013	2012
		(Rupees in '000)	
(i) Associates	Sales:		
	- goods and services	94,826	22,121
	- operating fixed assets	1,748	10,168
	Purchases:		
	- goods and services	2,596,891	2,487,062
	- operating fixed assets	13,744	13,288
	- intangible assets	3,239	-
	Sale of units in mutual funds	100,000	-
	Purchase of units in mutual funds	850,000	-
	Royalty	1,031,905	992,281
	Export commission	3,188	7,449
	Technical assistance fee paid	-	13,579
	Commission income	5,322	8,018
	Rent	73,035	66,651
	Insurance premium paid	157,661	161,246
	Insurance claims received	1,644	6,821
	Reimbursement of expenses - net	1,489	618
	Dividend paid	538,498	405,824
	Donation paid	11,038	-
			--- Number of shares ---
	Bonus shares issued	17,949,922	9,365,176
		---- (Rupees in '000) ----	
(ii) Staff retirement funds	Contributions paid to gratuity funds, provident fund/pension schemes	49,455	21,176
(iii) Key management personnel	Managerial remuneration and benefits	46,176	46,453
	Retirement benefits	2,490	2,632

17.2 Period/year end balance are as follows:

	(Unaudited) September 30, 2013 (Rupees in '000)	(Audited) March 31, 2013 Restated
Payables to related parties		
Trade and other payables	642,775	583,647
Receivable from related parties		
Advance for vehicles	15,457	-

18. Corresponding Figures

In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2013 and the 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 balances of comparable period as per the condensed interim financial information of the Company for the half year ended September, 30, 2012.

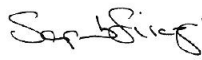
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of implementation of IAS 19 - 'Employee Benefits' (Revised in June 2011), certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarised in note 3.1.

19. Date of Authorization for Issue

This condensed interim financial information was authorized for issue on October 30, 2013 by the Board of Directors.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Atlas Honda Limited

1-McLeod Road, Lahore-54000

Ph: (92-42) 37225015-17, 37233515-17

Fax: (92-42) 37233518, 37351119

E-mail: ahl@atlas.com.pk

Website: www.atlashonda.com.pk