HONDA
The Power of Dreams

Cash Flow Statement

for the period of three months ended June 30, 2006

	Note	April to June 2006	April to June 2005
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	(2,403,448)	(1,107,697)
Interest and mark up paid		(27,148)	(3,673)
Employees retirement benefits and other obligations		(6,624)	(5,039)
Net (increase) in long term deposits		(2,002)	-
Net (increase) in loans to employees		(439)	(3,675)
Income tax paid		(76,667)	(27,012)
Royalty paid		(91,135)	(106,494)
Worker's profit participation fund paid		(729)	(4,142)
Net cash (outflow) from operating activities		(2,608,192)	(1,257,732)
Cash flows from investing activities			
Purchase of property, plant & equipment		(693,627)	(406,743)
Sale proceeds of property, plant & equipment		-	2,638
Investments		-	(300,000)
Profit/Interest received		19,355	92,581
Net cash used in investing activities		(674,272)	(611,524)
Cash flows from financing activities			
Long term finances		750,000	-
Short term borrowings		150,000	-
Dividend paid		(36)	(21)
Net cash from/(used in) financing activities		899,964	(21)
Net (decrease) in cash and cash equivalents		(2,382,500)	(1,869,277)
Cash and cash equivalents at the beginning of the period		55,746	5,873,987
Cash and cash equivalents at the end of the period	12	(2,326,754)	4,004,710

The annexed notes form an integral part of these financial statements.

Yusuf H. Shirazi
Chairman

Mamoru Suwama
Chief Executive