

HONDA

The Power of Dreams



**PEOPLE.
PROCESS.
PRODUCTIVITY.**

3rd Quarter Report
December 31, 2014



Honda Atlas Cars (Pakistan) Limited



PEOPLE. PROCESS. PRODUCTIVITY.



As one of the pioneering manufacturing companies, Honda is dedicated towards bringing joy to the customers through its innovative solutions and trailblazing technologies. On our cover this year, we celebrate our dynamic and gifted work force- who are the reason behind Honda's remarkable success. It is our people whose creative talent and uninhibited tenacity has helped us pave the way for the future- making our processes not only highly productive but also deeply meaningful.



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COMPANY INFORMATION

Board of Directors

Mr. Yusuf H. Shirazi
Chairman

Mr. Takeharu Aoki
President / CEO

Mr. Aamir H. Shirazi
Mr. Hisatada Tachi
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan
Mr. Tatsuo Sato

Company Secretary

Mr. Maqsood-ur-Rehman Rehmani

Chief Financial Officer

Mr. Ahmad Umair Wajid

Executive Committee

Mr. Takeharu Aoki
Mr. Hisatada Tachi
Mr. Maqsood-ur-Rehman Rehmani

Audit Committee

Mr. Aamir H. Shirazi
Chairman
Mr. Takeharu Aoki
Mr. Hisatada Tachi
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan
Mr. Hamood-ur-Rahman
Secretary

Human Resource and Remuneration Committee

Mr. Aamir H. Shirazi
Chairman
Mr. Takeharu Aoki
Mr. Hisatada Tachi
Mr. Kazuhisa Hirota
Mr. M. Naeem Khan

Head of Internal Audit

Mr. Hamood-ur-Rahman

Auditors

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

Legal Advisor

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

Bankers

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

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Share Registrar

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 www.facebook.com/hacpl

CHAIRMAN'S REVIEW

It is my pleasure to present you the financial information for the third quarter ended December 31, 2014.

ECONOMY

The Pakistan economy continued to perform well for first half of the FY15. Inflation decreased to its lowest level in the last eight years and was recorded at 6.08% for the first half of FY15, mainly due to more than 50% cut in crude oil prices in international market. Revenue collection for first half of the year was Rs 1,171 billion against Rs 1,031 billion in the same period of last year, up 13.6%. During the third quarter ended Dec-14, the exchange rate showed stability following successful negotiations with IMF for release of fourth tranche and rupee appreciated by 2.1% against US\$.

Whilst exports decreased to US\$ 12.07 billion, imports increased to US\$ 24.20 billion, down by 4.31% and up 11.68% from US\$ 12.62 billion and US\$ 21.67 billion respectively for the first half of FY 15 as compared to the same corresponding period, last year. This trade deficit was compensated by remittances from overseas Pakistanis, which continued to flourish and were recorded at US\$ 8.97 billion, up by 15.2% over the same period of last year. These factors helped to reduce the current account deficit to US\$ 3.26 billion. Foreign exchange reserves improved to US\$ 15 billion by the end of December 2014.

AUTOMOBILE INDUSTRY

The automobile industry remained stagnant and production increased marginally in the first nine months period ended December 31, 2014. A total of 93,723 units were produced during this period against 88,594 units in the same period of last year. Production of 1300cc & above segment cars increased by 4.3%, production of cars up to 800cc

reduced by 0.8% whereas 801cc-1000cc car's production improved by 38.5%. Accordingly, industry sales improved by 4.3% during first nine months of the FY15 and closed at 90,362 units compared with 86,626 units in the same corresponding period.

THE COMPANY

The company produced 16,560 units in the first nine months of FY 2014-15 against 17,439 units in the same period of last year. Sales were recorded at 15,470 units till December 2014 against 16,494 units in the first three quarters of last year. The marginally lower sales were due to the revised taxation measures at purchase stage imposed through the last budget.

The company is following ISO 9001 Quality Management standards and ISO 14001 Environment Management standards for last many years. Periodic recertification and surveillance audits were conducted during third quarter and were accredited satisfactory by the independent audit firm.

FINANCIAL RESULTS

The company has continued to consolidate its financial stability and posted good operational results for the first three quarters ended December 31, 2014, mainly due to company-wide ongoing efforts for cost down measures and increased localization. It earned record profit before tax for period ended December 31, 2014 and closed at Rs 2,584.48 million against Rs 1,026.32 million in the same period of last year, up by 151.8%!

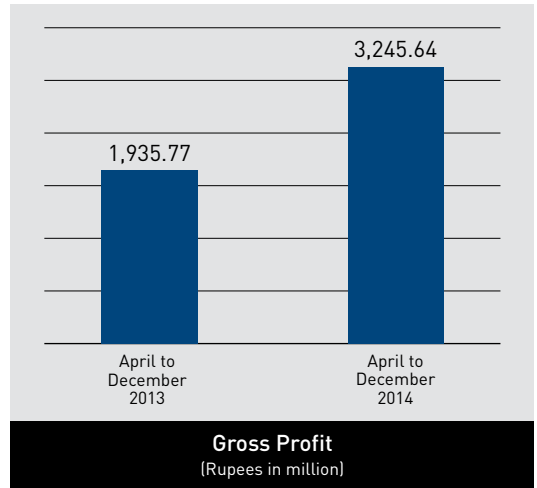
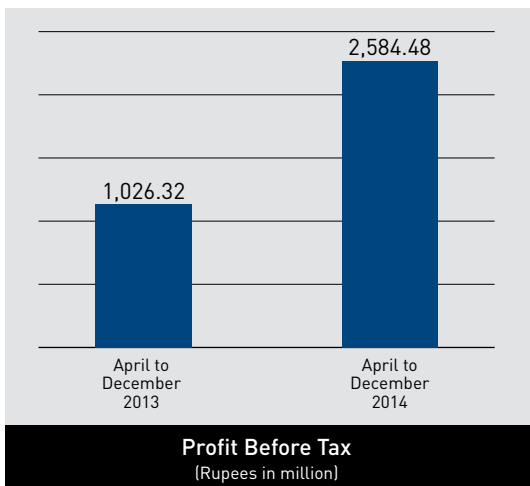
The net sales revenue for the period under review was Rs 25,263.73 million against Rs 27,620.45 million in the same period of last year. However, cost of sales continued to decline and was recorded at Rs 22,018.09 million against Rs 25,684.68 million due to increase in localization, cost down measures

and better exchange rate parity. Thus, gross profit increased by 67.7% to Rs 3,245.64 million against Rs 1,935.77 million. As a result, the gross profit margin improved from 7.0% to 12.8%!

Administrative & selling expenses were Rs 469.92 million against Rs 364.26 million during first three quarters of FY14 due to increase in advertisement and promotion expenses. Other income was Rs 152.89 million against Rs 203.88 million. The financial charges declined to Rs 17.48 million against Rs 34.27 million. Other charges also decreased to Rs 326.65 million against Rs 714.81 million, mainly due to much improved Rs : US\$ parity in the current period, as compared with the same period of last year 2013-14.

The profit before tax for period ended December 31, 2014 was Rs 2,584.48 million against Rs 1,026.32 million in the same period, last year. After statutory tax provisions, net profit increased to Rs 1,574.88 million against Rs 441.32 million for the same period, last year, making it the highest net profit earned in the first three quarters of a financial year.

Similarly, the earnings per shares (EPS) also improved to Rs 11.03 against Rs 3.09 of the last corresponding period.



FUTURE OUTLOOK

The economy is gradually moving towards stability. Revenue collection is rising and so too are remittances from overseas Pakistanis. Imports are expected to be decelerated in second half of the year due to sharp decline in oil prices in the international market. Therefore, current accounts deficit in FY15 is expected to be lower than budget. However, due to lower oil prices, revenue collection will remain under pressure in second half of the year. The declining inflation will ease pressure on common man. The reduction of interest rate by SBP from 10.00% to 9.50% will ease the pressure on cost of production.

The automobile industry will remain sluggish for rest of the year due to uncertainty over policy guidelines on import of reconditioned cars, and will continue to affect the automobile industry growth. GDP is expected to be around 5% subject to bigger cotton crop and surge in the large scale manufacturing sector by 7%! With a general lowering of international commodity prices, there will be a pressure on selling price of agricultural commodities leaving an adverse effect on market liquidity. Electricity shortfall will hamper large scale manufacturing growth. Foreign

investment is expected to rise following trade & investment agreements with Chinese companies. Nevertheless, lower inflation will heavily depend on international oil prices remaining low.

Your company is determined to meet the future challenges through innovative products, curbing costs, maintaining product & service quality and focusing on growth momentum. This will help to further strengthen the financial stability of the company.

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(We endeavour to do our best)

ACKNOWLEDGEMENT

I would like to thank M/s Honda Motor Company, Japan and Atlas Group for their continued support and cooperation. I also thank our valued customers, vendors, bankers, dealers and shareholders for their belief and confidence in the company. Mr. Takeharu Aoki and his team deserve appreciation for their hard work, commitment and dedication for the results of period ended December 31, 2014.



Yusuf H. Shirazi
Chairman


Karachi: January 27, 2015

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

as at December 31, 2014

Rupees in thousand	Note	December 31, 2014 (Un-Audited)	March 31, 2014 (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital:			
200,000,000 (March 31, 2014 : 200,000,000)			
ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital:			
142,800,000 (March 31, 2014 : 142,800,000)			
ordinary shares of Rs. 10 each		1,428,000	1,428,000
Reserves		526,000	76,000
Unappropriated profit		1,583,703	887,220
		3,537,703	2,391,220
NON-CURRENT LIABILITIES			
Deferred liabilities		60,394	44,425
Deferred taxation		207,511	-
Deferred revenue		14,435	11,709
		282,340	56,134
CURRENT LIABILITIES			
Accrued mark up		12,917	13,790
Trade and other payables		8,484,491	9,856,245
		8,497,408	9,870,035
CONTINGENCIES AND COMMITMENTS	6		
		12,317,451	12,317,389
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,790,147	2,873,067
Intangible assets		95,574	86,431
Capital work-in-progress		105,529	81,293
Long term loans and advances		55,789	52,772
Long term deposits		4,042	4,042
Deferred taxation		-	393,238
		3,051,081	3,490,843
CURRENT ASSETS			
Stores and spares		145,039	116,205
Stock-in-trade		6,377,976	3,852,540
Trade debts		30,940	-
Loans, advances, prepayments and other receivables		2,063,128	2,503,651
Cash and bank balances		649,287	2,354,150
		9,266,370	8,826,546
		12,317,451	12,317,389

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


Yusuf H. Shirazi
 Chairman



Takeharu Aoki
 Chief Executive

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

Rupees in thousand	Note	Quarter ended		Nine months ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Sales	8	5,889,888	6,249,138	25,263,727	27,620,453
Cost of sales	9	(5,226,094)	(5,862,858)	(22,018,092)	(25,684,682)
Gross profit		663,794	386,280	3,245,635	1,935,771
Distribution and marketing costs		(74,680)	(58,914)	(248,837)	(191,886)
Administrative expenses		(79,278)	(66,037)	(221,078)	(172,370)
Other income		11,912	13,375	152,890	203,876
Other expenses		32,621	16,281	(326,649)	(714,808)
		(109,425)	(95,295)	(643,674)	(875,188)
Profit from operations		554,369	290,985	2,601,961	1,060,583
Finance cost		(12,821)	(15,807)	(17,479)	(34,268)
Profit before taxation		541,548	275,178	2,584,482	1,026,315
Taxation		(183,059)	(148,250)	(1,009,599)	(585,000)
Profit after taxation		358,489	126,928	1,574,883	441,315
Earnings per share					
- basic and diluted (Rupees)		2.51	0.89	11.03	3.09

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



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

Rupees in thousand	Quarter ended		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Profit after taxation	358,489	126,928	1,574,883	441,315
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income for the period	358,489	126,928	1,574,883	441,315

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



Yusuf H. Shirazi
Chairman




Takeharu Aoki
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the nine months ended December 31, 2014

Rupees in thousand	Capital Reserve		Revenue Reserve		Total
	Share capital	Share premium	General reserve	Unappropriated profit/(loss)	
Balance as on April 01, 2014 (audited)	1,428,000	76,000	-	887,220	2,391,220
Transfer to general reserve	-	-	450,000	(450,000)	-
Profit for the period	-	-	-	1,574,883	1,574,883
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,574,883	1,574,883
Transactions with owners					
Dividend @ Rupees 3.00 per ordinary share	-	-	-	(428,400)	(428,400)
Balance as on December 31, 2014 (un-audited)	1,428,000	76,000	450,000	1,583,703	3,537,703
Balance as on April 01, 2013 (audited and restated)	1,428,000	76,000	-	(139,326)	1,364,674
Profit for the period	-	-	-	441,315	441,315
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	441,315	441,315
Transactions with owners					
Dividend @ Rupee 0.30 per ordinary share	-	-	-	(42,840)	(42,840)
Balance as on December 31, 2013 (un-audited and restated)	1,428,000	76,000	-	259,149	1,763,149

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



Yusuf H. Shirazi
Chairman




Takeharu Aoki
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the nine months ended December 31, 2014

Rupees in thousand	Note	December 31, 2014	December 31, 2013
Cash flows from operating activities			
Cash used in operations	11	(363,206)	(2,719,972)
Finance cost paid		(4,162)	(34,422)
Employees retirement benefits and other obligations		(25,114)	(20,482)
Net increase in loans to employees		(4,140)	(18,678)
Income tax refunded/ (paid) - net		23,810	(672,057)
Royalty paid		(607,321)	(429,020)
Increase in deferred revenue		3,045	5,222
Net cash used in operating activities		(977,088)	(3,889,409)
Cash flows from investing activities			
Purchase of property, plant and equipment		(447,502)	(123,029)
Purchase of intangible assets		(14,862)	(37,179)
Proceeds from sale of property, plant and equipment		27,495	8,933
Interest received		132,895	141,248
Net cash used in investing activities		(301,974)	(10,027)
Cash flows from financing activities			
Dividend paid		(425,801)	(42,721)
Net cash used in financing activities		(425,801)	(42,721)
Net decrease in cash and cash equivalents		(1,704,863)	(3,942,157)
Cash and cash equivalents at the beginning of the period		2,354,150	4,026,647
Cash and cash equivalents at the end of the period	12	649,287	84,490

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



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

1. Legal status and nature of business

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

2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended March 31, 2014.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended March 31, 2014.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on April 01, 2014 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5. The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended March 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4 and useful lives of its property, plant and equipment and intangible assets as given below.

5.1 Change in accounting estimate

The company, during the period, has reviewed the useful lives of its property, plant and equipment and intangible assets. As a result, the useful life of certain items of plant and machinery and intangible assets has been reduced by six months. Similarly, the useful life of certain items of plant and machinery and intangible assets has been increased by nine months. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit before tax for the nine months ended December 31, 2014 would have been lower by Rs 75.38 million. The carrying amount of property, plant and equipment would have been higher and the carrying amount of intangible assets would have been lower by Rs 82.26 million and Rs 6.88 million respectively as at that date. Consequently, due to the above change in accounting estimate, future profits before tax would decrease by Rs 75.38 million.

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended March 31, 2014 except for letters of guarantees issued to various parties aggregating to Rs 164.92 million (March 31, 2014: 85.21).

Rupees in thousand	Un-audited December 31, 2014	Audited March 31, 2014
6.2 Commitments in respect of		
Letters of credit and purchases other than capital expenditure	473,884	1,068,430
Letters of credit and purchases for capital expenditure	158,403	620
	632,287	1,069,050

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

Rupees in thousand	Note	Un-audited December 31, 2014	Audited March 31, 2014
7. Property, plant and equipment			
Opening book value		2,873,067	3,355,778
Additions during the period / year	7.1	383,938	161,110
		3,257,005	3,516,888
Disposals during the period / year (at book value)		(25,255)	(14,663)
Assets written off during the period / year (at book value)		-	(642)
Depreciation charged during the period / year		(441,603)	(628,516)
		(466,858)	(643,821)
Closing book value		2,790,147	2,873,067

7.1 Additions during the period / year

Buildings on freehold land	30,297	324
Plant and machinery	190,229	27,901
Furniture and office equipment	20,282	19,673
Vehicles	101,126	63,425
Tools and equipment	10,835	33,811
Computers	31,169	15,976
	383,938	161,110

Rupees in thousand	Quarter ended		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
8. Sales				
Sales - Own manufactured goods	6,667,066	7,057,598	28,887,887	31,556,846
Sales tax	(969,464)	(1,025,002)	(4,198,498)	(4,492,984)
Commission to dealers	(134,321)	(98,857)	(446,797)	(453,222)
	5,563,281	5,933,739	24,242,592	26,610,640
Sales - Trading goods	363,314	361,221	1,142,871	1,175,203
Sales tax	(36,607)	(45,422)	(120,886)	(163,090)
Commission to dealers	(100)	(400)	(850)	(2,300)
	326,607	315,399	1,021,135	1,009,813
	5,889,888	6,249,138	25,263,727	27,620,453

Rupees in thousand	Quarter ended		Nine months ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
9. Cost of sales				
Raw material consumed	5,197,701	6,466,212	21,352,738	25,133,302
Stores and spares consumed	24,316	23,306	69,613	65,832
Salaries, wages and benefits	150,632	94,215	443,764	278,348
Fuel and power	28,645	31,655	107,912	105,571
Insurance	10,200	10,054	31,575	29,436
Travelling and vehicle running	22,558	17,698	66,762	55,355
Freight and handling	28,725	8,926	63,499	13,430
Repairs and maintenance	8,009	4,204	38,160	18,069
Technical assistance	6,356	7,505	19,792	18,701
Depreciation on PPE	162,188	148,131	406,779	441,577
Amortization on intangible assets	24,936	16,216	48,682	48,571
Royalty	113,879	139,564	493,551	625,393
Canteen subsidy	6,023	5,608	19,251	18,794
Other expenses	471	1,286	1,170	1,916
	5,784,639	6,974,580	23,163,248	26,854,295
Opening stock of work-in-process	455,892	426,846	345,226	288,108
Closing stock of work-in-process	(465,683)	(500,521)	(465,683)	(500,521)
	(9,791)	(73,675)	(120,457)	(212,413)
Cost of goods manufactured	5,774,848	6,900,905	23,042,791	26,641,882
Own work capitalized and others	(60,174)	-	(78,879)	(19,438)
Cost of damaged cars	-	(1,328)	-	(12,303)
	5,714,674	6,899,577	22,963,912	26,610,141
Opening stock of finished goods	1,828,543	1,338,102	901,424	940,662
Closing stock of finished goods	(2,535,841)	(2,597,393)	(2,535,841)	(2,597,393)
	(707,298)	(1,259,291)	(1,634,417)	(1,656,731)
Cost of sales - Own manufactured	5,007,376	5,640,286	21,329,495	24,953,410
Cost of sales - Trading goods	218,718	222,572	688,597	731,272
	5,226,094	5,862,858	22,018,092	25,684,682

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

Rupees in thousand		December 31, 2014	December 31, 2013	
10. Transactions and balances with related parties				
	Relationship with the company	Nature of transaction		
i.	Holding company	Purchase of goods	2,636,264	3,076,918
		Technical assistance fee	4,346	374
		Royalty	486,637	532,811
ii.	Associated undertakings	Sale of goods	93,079	50,889
		Purchase of goods	10,832,840	13,250,214
		Purchase of property, plant and equipment	227,404	2,451
		Insurance premium	203,822	220,138
		Technical assistance fee	17,490	16,877
		Royalty	640	3,252
		Insurance claims	7,404	20,561
iii.	Key management personnel	Salaries and other employee benefits	95,364	73,272
iv.	Post employment benefit plans	Expense charged in respect of retirement benefit plans	34,223	28,994

Rupees in thousand		Un-audited December 31, 2014	Audited March 31, 2014
Period end balances are as follows:			
	Receivable from related parties	14,452	7,986
	Payable to related parties	4,438,465	5,641,870

Rupees in thousand	Note	December 31, 2014	December 31, 2013
11. Cash used in operations			
Profit before taxation		2,584,482	1,026,315
Adjustment for:			
- Depreciation on property, plant and equipment		441,603	469,147
- Profit on disposal of property, plant and equipment		(2,241)	(2,436)
- Extended warranty revenue		(319)	-
- Assets written off		-	3,514
- Profit on bank deposits, loans to employees and advances to suppliers		(118,726)	(124,022)
- Finance cost		14,445	31,282
- Provision for employees' retirement benefits and other obligations		41,401	34,152
- Liabilities no longer payable written back		(11,156)	(36,941)
- Amortization on intangible assets		49,190	49,187
- Royalty		493,551	539,322
Working capital changes	11.1	(3,855,436)	(4,709,492)
		(363,206)	(2,719,972)

11.1 Working capital changes**(Increase) / decrease in current assets**

- Stores and spares	(28,834)	2,270
- Stock-in-trade	(2,525,436)	(2,907,852)
- Trade debts	(30,940)	-
- Advances, prepayments and other receivables	(5,182)	(628,730)

Decrease in current liabilities

- Trade and other payables	(1,265,044)	(1,175,180)
	(3,855,436)	(4,709,492)

12. Cash and cash equivalents

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

Rupees in thousand	December 31, 2014	December 31, 2013
Cash and bank balances	649,287	284,490
Short term borrowings - secured	-	(200,000)
	649,287	84,490

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and nine months ended December 31, 2014

Rupees in thousand	Manufacturing			Trading			Total				
	Quarter ended		Nine months ended	Quarter ended		Nine months ended	Quarter ended		Nine months ended		
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013		
Segment revenue	5,563,281	5,933,739	24,242,592	26,610,640	315,399	1,021,135	1,009,813	5,889,888	6,249,138	25,263,727	27,620,463
Segment expenses											
- Cost of sales	(5,007,376)	(5,640,286)	(21,329,495)	(24,953,410)	(222,572)	(688,597)	(731,272)	(5,226,094)	(5,862,858)	(22,018,092)	(25,684,682)
Gross profit	555,905	293,453	2,913,097	1,657,230	92,827	332,538	278,541	663,794	386,280	3,245,635	1,935,771
Distribution and marketing costs								(74,680)	(58,914)	(248,837)	(191,886)
Administrative expenses								(79,278)	(66,037)	(221,078)	(172,370)
Other income								11,912	13,375	152,890	203,876
Other expenses								32,621	16,281	(326,649)	(714,808)
Profit from operations								554,369	290,985	2,601,961	1,060,583
Finance cost								(12,821)	(15,807)	(17,479)	(34,268)
Profit before taxation								541,548	275,178	2,584,482	1,026,315
Taxation								(183,059)	(148,250)	(1,009,599)	(585,000)
Profit after taxation								358,489	126,928	1,574,883	441,315

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

14. Financial risk management

14.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and 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 annual financial statements, and should be read in conjunction with the company's annual financial statements as at March 31, 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

14.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

14.3 Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

15. Date of authorization for issue

This condensed interim financial information was authorized for issue on January 27, 2015 by the Board of Directors of the company.

16. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

AUTHORISED DEALERS: SALES, SERVICE & SPARE PARTS (3S)

KARACHI

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13-Banglore Town,
Main Shahrah-e-Faisal
Tel: (021) 34527474, 34527575, 34527373,
34527070
Fax: (021) 34526758

Honda Defence

67/1, Korangi Road Near HINO Circle.
Tel: (021) 35805291-4
Fax: (021) 35389648

Honda SITE

C 1, Main Manghopir Road, SITE.
Tel: (021) 32577411-2, 32564926
32570301, 32569381
Fax: (021) 32577412

Honda South

1 B/1, Sec. 23, Korangi Industrial Area.
Tel: (021) 35050251-4
Fax: (021) 35064599

Honda Drive In

118 C, Rashid Minhas Road.
Tel: (021) 34992832-7, 34992824-5
Fax: (021) 34992823

Honda Quaideen

233-A-2, PECHS.
Tel: (021) 34556071-3, 34556510-12
Fax: (021) 34554644

LAHORE

Honda City Sales

75 B, Block L, Gulberg III,
Ferozpur Road.
Tel: (042) 35841100-06
Fax: (042) 35841107

Honda Fort

32 Queens Road.
Tel: (042) 36314162-3, 36309062-3,
36313925
Fax: (042) 36361076

Honda Point

Main Defence Road.
Tel: (042) 35700994-5, 35700997
Fax: (042) 35700993

Honda Gateway

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

ISLAMABAD

Honda Classic

Plot 179, I 10/3,
Industrial Area.
Tel: (051) 4438801-5
Fax: (051) 4436446

Honda Avenue

1-Km, Koral Chowk,
Islamabad Highway,
Opp. Judicial Colony.
Tel: (051) 2326121-4
Fax: (051) 2326126

RAWALPINDI

Honda Centre

300, Peshawar Road.
Tel: (051) 5125181-5
UAN: (051) 111 300 123
Fax: (051) 5125186

MULTAN

Honda Breeze

63 Abdali Road.
Tel: (061) 4588871-3, 4547484
Fax: (061) 4588874

SIALKOT

Honda Falcon

Pakki Kotti, Daska Road.
Tel: (052) 3252000, 3251251-4
Fax: (052) 3563203

HYDERABAD

Honda Palace

Shahbaz Town,
Jamshoro Road.
Tel: (0223) 667178-9, 667032
Fax: (0223) 667519

FAISALABAD

Honda Faisalabad

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

Honda Chenab

123 JB Raja Wala,
Green View Colony, Akbarabad.
Tel: (041) 2603449, 2603549
Fax: (041) 2603549

PESHAWAR

Honda North

Main University Road.
Tel: (091) 5854901, 5700807-8
Fax: (091) 5854753

MIRPUR A.K.

Honda Empire Mirpur

Mian Muhammad Road,
Quaid-e-Azam Chowk.
Tel: (05827) 451501-3
Fax: (05827) 451500

GUJRANWALA

Honda Gujranwala

Main G.T. Road, Near Maudiala Morr.
Tel: (055) 3893481-3
Fax: (055) 3893484

SARGODHA

Honda Citrus Fields

7-Km Lahore Road.
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Fax: (048) 3225869



HONDA

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