

HONDA
The Power of Dreams

HALF YEAR REPORT SEPTEMBER 2017



“Makes all the difference”

Honda Atlas Cars (Pakistan) Limited





Cover Concept

The journey of Honda Atlas Cars (Pakistan) Limited has been a journey of progress, growth and prosperity. The visual depicts the very substance of that progress. It shows how things have been moving in the right direction and how the Company has been achieving one milestone after another with consistency.

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Company Information

Board of Directors

Mr. Yusuf H. Shirazi
Chairman

Mr. Hironobu Yoshimura
President/CEO

Mr. Aamir H. Shirazi
Director & Senior Advisor

Mr. Kenichi Matsuo

Mr. Akira Murayama

Ms. Mashmooma Zehra Majeed

Mr. M. Naeem Khan

Mr. Shigeru Yamazaki

Mr. Yasutaka Uda

Company Secretary

Mr. Maqsood-ur-Rehman Rehmani

Chief Financial Officer

Mr. Ahmad Umair Wajid

Audit Committee

Mr. Aamir H. Shirazi
Chairman

Mr. Akira Murayama

Ms. Mashmooma Zehra Majeed

Mr. M. Naeem Khan

Mr. Shigeru Yamazaki

Mr. Hamood-ur-Rahman
Secretary

Human Resource and Remuneration Committee

Mr. Aamir H. Shirazi
Chairman

Mr. Hironobu Yoshimura

Mr. Kenichi Matsuo

Mr. Akira Murayama

Mr. M. Naeem Khan

Executive Committee

Mr. Hironobu Yoshimura

Mr. Kenichi Matsuo

Mr. Maqsood-ur-Rehman Rehmani

Head of Internal Audit

Mr. Hamood-ur-Rahman

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) Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

United Bank Limited

Auditors

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

Legal Advisor

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

Share Registrar

M/s Hameed Majeed Associates
HM House, 7-Bank Square,
Lahore, Pakistan.
Tel: +92 42 37235081-82

Registered Office

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E-mail: info@honda.com.pk

Regional Offices

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C16, KDA Scheme No. 1,
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Fax: +92 21 34305414

Web Site

www.honda.com.pk
www.facebook.com/hacpl

Chairman's Review

I feel pleasure to present you the Condensed Interim Financial Information for the half year ended September 30, 2017.

The Economy

Fiscal year 2017-18 started on a positive note with economy continuing to improve on certain economic indicators. Controlled inflation, low interest rates, strong growth in large scale manufacturing, revenue collection and first quarter increase in exports after a long period augured positive prospects for the economy. Exports in the first quarter of FY18 rebounded with an increase of 10.71% to US\$ 5.17 billion against US\$ 4.67 billion in Q1 of last year. Imports too, recorded higher growth of 22.19% to US\$ 14.26 billion against US\$ 11.67 billion in the corresponding Q1 of last year. Consequently, the government imposed 5%-25% regulatory duty on more than 250 items to help bring imports down in the coming quarters. Remittances marginally improved by 1% to US\$ 4.79 billion and FDI increased by 56.3% to US\$ 662 million during the period under review. This, however, was not sufficient to cover the widening trade deficit, which caused the foreign exchange reserves to decline by 14.7% to USD 19.8 billion. Nevertheless the Rupee remained relatively stable against the US Dollar but continues to be under pressure in the coming days.

Revenue collection at Rs 765 billion during 1QFY18 was up by 20% over same period last year. Further, control over expenditures has resulted in fiscal deficit contained at 0.9% of GDP in 1QFY18 against 1.3% for the same period last year. SBP policy rate was held at 5.75% which helped check inflation

rate at 4% allowing ease in the cost of production to some extent.

The agriculture sector continues to be a corner stone with contribution of 19.5% to GDP and employment of 42% labor force. Better water flow, subsidy on fertilizers, stable crop prices and expected better results from the Kharif and Rabi crops have contributed positively in improving the future prospects of this sector. Further, National Food Security Policy has also been finalized which is expected to modernize agriculture, augment existing water resource base and develop climate-smart agriculture.

LSM, which is a key contributor to the industrial sector, posted a robust growth of 10% (YOY) in the months of July and August 2017, which is the highest in last 6 years. Major contributions came from iron, steel, automobiles, cement and engineering products. The sector mainly benefitted from the expanding domestic demand, sizeable credit off-take, subsidizing security concerns and ease in energy supplies.

Automobile Industry

The automobile industry continued to show good performance during the period under review and registered a growth of 18.53% against the first half of last year. The total industry production for the period stood at 102,585 units against 86,546 units in corresponding half year ended September 2017. The demand dynamics have improved due to cheaper financing rates and rise of ride sharing apps have made buying of cars a viable business option in big cities. Consequently,

Chairman's Review

industry sales improved to 101,081 units against 85,342 units in corresponding period of last year, up by 18.44%.

Your Company

During the first half of FY18, your company production grew by 62.30% to 23,769 units against 14,645 units for same period last year. Correspondingly sales for the half-year also increased to 23,676 units against 15,287 units, an improvement of 54.87%! The driving force for sales was new Honda Civic which posted 103.2% increase over first half of last year, Honda City showed consistent performance whereas newly launched Honda BR-V also hit its sales target set for the quarter.

Financial Results

Sales revenue for the first half of the year improved by 68.9% to Rs 43,948.3 million against Rs 26,015.5 million in first half of last year. Cost of sales also increased to Rs 38,240.4 million against Rs 21,893.5 million. Gross profit showed growth of 38.5% to Rs 5,707.9 million against Rs 4,121.9 million in 1H of last year. Administrative & selling expenses increased in tandem with sales growth to Rs 637.8 million against Rs 440.4 million in the same period last year. However in absolute terms, the administrative & selling expenses reduced from 1.7% of sales in same period last year to 1.4% of sales during the 6 months ended Sep-2017. Operating profit improved to Rs 5,513.9 million against Rs 3,716.8 million. Other income increased to Rs 953.7 million against Rs 353.6 million due to better treasury management. Financial & other charges were Rs 516.4 million

against Rs 330.8 million due to higher provisions of WPPF and WWF.

Thus, profit before tax was Rs 5,507.4 million against Rs 3,704.4 million showing an increase of 48.7% over first half of last year. After tax provisions, the net profit for the year improved to Rs 3,704.0 million against Rs 2,523.7 million. Earnings per share improved by 46.8% to Rs 25.94 against Rs 17.67 of the same period, last year. Return on equity was 28.35% for first half of FY18.

Future Outlook

The pursuit of higher economic growth poses growing challenges partly enunciated at the start of FY18. These include those arising from pressures on the external front and an expansionary fiscal policy. Government's response towards these challenges would be important for continuing growth trajectory. Accordingly, timely realization of financial inflows and adoption of structural reforms for improving trade competitiveness are necessary to support external account. In this regard, the exchange rate will be tested as the repayment phase approaches. The main positive factor that may boost Pakistan's economy is the CPEC and there is a need to proactively monitor and evaluate all activities within this window. Urgent tax reforms are necessary to improve tax to GDP ratio and contain fiscal deficit. On the other hand, an upbeat industrial outlook and a promising assessment of major crops are going to have a positive spillover on the overall economy. The combined effect is expected to sustain the demand of automobiles.

The company will keep focus on product quality and production process efficiency to increase deliveries to customers and reduce waiting period, along with the best after sales back up.

جسے اللہ رکھے اُسے کون چکھے

(God helps those who help themselves)

Acknowledgement

I would like to thank our valued customers showing their confidence in the company's products. I would also like to acknowledge and thank Honda Motor Company, the Atlas Group, our vendors, dealers, bankers and shareholders for their continued commitment & support. Mr. Toichi Ishiyama & his team also deserve appreciation for the consistent progress achieved during first half and I wish them all the success for the year 2018.



November 22, 2017
Karachi

Yusuf H. Shirazi
Chairman

Auditors' Report to the Members

on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Honda Atlas Cars (Pakistan) Limited as at September 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended September 30, 2016 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended September 30, 2017.

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 interim financial information as of and for the half year ended September 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.

Chartered Accountants
Lahore: November 22, 2017

Name of engagement partner: Khurram Akbar Khan

Condensed Interim Balance Sheet

As at September 30, 2017

Rupees in thousand	Note	Un-audited September 30, 2017	Audited March 31, 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 (March 31, 2017 : 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, 2017 : 142,800,000) ordinary shares of Rs. 10 each		1,428,000	1,428,000
Reserves		9,706,000	5,506,000
Un-appropriated profit		3,181,581	6,130,847
		14,315,581	13,064,847
NON-CURRENT LIABILITIES			
Deferred liabilities		79,948	61,645
Deferred taxation		376,644	367,144
Deferred revenue		12,090	10,842
		468,682	439,631
CURRENT LIABILITIES			
Current portion of deferred revenue		3,048	4,480
Short term borrowings - secured		-	-
Accrued mark up		7,140	14,218
Income tax payable		100,545	305,126
Trade and other payables		41,959,414	37,637,055
		42,070,147	37,960,879
CONTINGENCIES AND COMMITMENTS	6		
		56,854,410	51,465,357
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,191,512	4,402,000
Intangible assets		332,861	373,092
Capital work-in-progress		350,799	199,194
Long term loans and advances		170,408	107,251
Long term deposits		4,042	4,042
		5,049,622	5,085,579
CURRENT ASSETS			
Stores and spares		133,014	134,569
Stock-in-trade		7,953,986	6,658,735
Trade debts		7,295	17,859
Loans, advances, prepayments and other receivables		11,170,276	9,088,890
Short term investments		23,247,152	20,943,345
Cash and bank balances		9,293,065	9,536,380
		51,804,788	46,379,778
		56,854,410	51,465,357

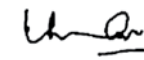
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Tusuf H. Snirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

Condensed Interim Profit and Loss Account


For the quarter and half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	Note	July - September		April - September	
		2017	2016	2017	2016
Sales	8	22,890,168	15,482,160	43,948,297	26,015,451
Cost of sales	9	(20,172,498)	(12,977,903)	(38,240,363)	(21,893,499)
Gross profit		2,717,670	2,504,257	5,707,934	4,121,952
Distribution and marketing costs		(192,645)	(134,964)	(341,437)	(226,630)
Administrative expenses		(160,074)	(116,172)	(296,361)	(213,791)
Other income		487,353	225,968	953,656	353,581
Other expenses		(256,313)	(177,338)	(509,919)	(318,341)
		(121,679)	(202,506)	(194,061)	(405,181)
Profit from operations		2,595,991	2,301,751	5,513,873	3,716,771
Finance cost		(3,059)	(10,271)	(6,477)	(12,410)
Profit before taxation		2,592,932	2,291,480	5,507,396	3,704,361
Taxation		(975,165)	(818,486)	(1,803,358)	(1,180,619)
Profit after taxation		1,617,767	1,472,994	3,704,038	2,523,742
Earnings per share- basic and diluted (Rupees)		11.33	10.32	25.94	17.67

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


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Ahmad Umair Wajid
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

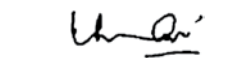
For the quarter and half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	July - September		April - September	
	2017	2016	2017	2016
Profit after taxation	1,617,767	1,472,994	3,704,038	2,523,742
Items that may be subsequently reclassified to profit or loss	-	-	-	-
Items that will not be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive income for the period	1,617,767	1,472,994	3,704,038	2,523,742

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


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Ahmad Umair Wajid
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	Share capital	Capital Reserve		Revenue Reserves		Total
		Share premium	General reserve	Un-appropriated profit		
Balance as on April 01, 2017 (audited)	1,428,000	76,000	5,430,000	6,130,847	13,064,847	
Transfer to general reserve	-	-	4,200,000	(4,200,000)	-	
Profit for the period	-	-	-	3,704,038	3,704,038	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	3,704,038	3,704,038	
Transactions with owners						
Final dividend for the year ended March 31, 2017 @ Rupees 13.00 per ordinary share	-	-	-	(1,856,400)	(1,856,400)	
Additional dividend for the year ended March 31, 2017 @ Rupees 4.18 per ordinary share	-	-	-	(596,904)	(596,904)	
Balance as on September 30, 2017 (un-audited)	1,428,000	76,000	9,630,000	3,181,581	14,315,581	
Balance as on April 01, 2016 (audited)						
Transfer to general reserve	-	-	2,550,000	(2,550,000)	-	
Profit for the period	-	-	-	2,523,742	2,523,742	
Other comprehensive income	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	2,523,742	2,523,742	
Transactions with owners						
Final dividend for the year ended March 31, 2016 @ Rupees 7.00 per ordinary share	-	-	-	(999,600)	(999,600)	
Balance as on September 30, 2016 (un-audited)	1,428,000	76,000	5,430,000	2,531,091	9,465,091	

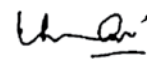
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusu H. Snirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

Condensed Interim Cash Flow Statement


For the half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	Note	April - September	
		2017	2016
Cash flows from operating activities			
Cash generated from operations	11	7,561,870	14,461,281
Finance cost paid		(99)	(51)
Employees' retirement benefits and other obligations		(1,897)	(542)
Net increase in loans to employees		(91,182)	(18,197)
Income tax paid		(1,998,439)	(989,813)
Royalty paid		(1,137,399)	(440,589)
Increase in deferred revenue		2,407	702
Net cash generated from operating activities		4,335,261	13,012,791
Cash flows from investing activities			
Purchase of property, plant and equipment		(302,161)	(894,947)
Purchase of intangible assets		(3,746)	(104,855)
Proceeds from sale of property, plant and equipment		18,291	62,415
Purchase of short term investments		(1,330,454)	(2,755,446)
Proceeds from disposal of short term investments		-	250,000
Realized gain on short term investments		240,606	13,467
Interest received		288,386	199,400
Net cash used in investing activities		(1,089,078)	(3,229,966)
Cash flows from financing activities			
Dividend paid		(2,440,606)	(994,368)
Net cash used in financing activities		(2,440,606)	(994,368)
Net increase in cash and cash equivalents		805,577	8,788,457
Cash and cash equivalents at the beginning of the period		25,412,597	6,708,494
Cash and cash equivalents at the end of the period	12	26,218,174	15,496,951

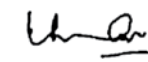
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



Yusu H. Snirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

Selected Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter and half year ended September 30, 2017 (Un-Audited)

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 Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-Mcleod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, 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. During the current period, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. 23 dated October 04, 2017 and further clarified by the Institute of Chartered Accountants of Pakistan through its Circular No. 17 dated October 06, 2017, companies whose financial year, and other interim period, closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, this financial information has been prepared in accordance with the requirements of 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, 2017 have, however, been subjected to limited scope review by the auditors. 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 Company's annual financial statements for the year ended March 31, 2017.

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, 2017.

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 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on April 01, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after April 01, 2018, 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, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

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, 2017, except for the following:

- (i) Refer to matter explained in note 12.1 (iii) of the annual financial statements of the Company for the year ended March 31, 2017, whereby the Honorable Lahore High Court had remanded back to Customs Appellate Tribunal ('Appellate Tribunal'), certain demands raised against the Company on account of chargeability of custom duty, sales tax and income tax on the grounds that 'license fee' and 'royalty' paid to M/s Honda Motor Co., Ltd., Japan was includable in the 'import value' of 'completely knocked down' kits of vehicles assembled by the Company and parts thereof. During the current period on June 21, 2017, the Appellate Tribunal has decided the said matter in Company's favour and has set aside demands of Rs 1,739.69 million earlier raised against the Company.
- (ii) During the period, the Additional Commissioner Inland Revenue through an amendment order for Tax Year 2016, has disallowed the adjustment of brought forward minimum tax paid by the Company in Tax Years 2011 through 2014 amounting to Rs 844.325 million. The management has assailed the subject order in usual appellate course which is pending adjudication. Based on the advice of the Company's legal counsel, management considers that there are strong grounds to support the Company's stance and is hopeful of a favorable decision. Consequently, no provision in respect of the above matter has been made in this condensed interim financial information.
- (iii) Bank guarantees of Rs 627.089 million (March 31, 2017: Rs 394.32 million) have been issued in favour of third parties.

Rupees in thousand	Un-audited September 30, 2017	Audited March 31, 2017
6.2 Commitments in respect of		
Letters of credit and purchases other than capital expenditure	1,894,089	2,711,942
Letters of credit and purchases for capital expenditure	146,334	193,610
	2,040,423	2,905,552

Selected Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter and half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	Note	Un-audited	Audited
		September 30, 2017	March 31, 2017
7. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		4,402,000	2,511,897
Additions during the period / year	7.1	150,193	2,461,040
		4,552,193	4,972,937
Disposal during the period / year (book value)		(17,353)	(60,061)
Assets written off during the period / year (book value)		-	(1,858)
Depreciation charged during the period / year		(343,328)	(509,018)
		(360,681)	(570,937)
Closing book value		4,191,512	4,402,000
7.1 Additions during the period / year			
Building on freehold land		12,815	6,485
Plant and machinery		39,700	2,098,221
Furniture and office equipment		15,384	34,282
Vehicles		55,398	256,759
Tools and equipment		11,527	23,335
Computers		15,369	41,958
		150,193	2,461,040

Rupees in thousand	July - September		April - September	
	2017	2016	2017	2016
8. SALES				
Own manufactured goods	27,238,787	17,937,048	51,943,484	30,019,312
Sales tax	(3,957,462)	(2,606,398)	(7,547,246)	(4,361,604)
Commission to dealers	(482,912)	(347,265)	(914,570)	(598,155)
Discount to customers	(464,521)	(957)	(604,298)	(957)
	22,333,892	14,982,428	42,877,370	25,058,596
Trading goods	619,133	561,452	1,190,927	1,069,080
Sales tax	(62,163)	(60,305)	(118,787)	(110,306)
Commission to dealers	(694)	(1,415)	(1,213)	(1,919)
	556,276	499,732	1,070,927	956,855
	22,890,168	15,482,160	43,948,297	26,015,451

Rupees in thousand	July - September		April - September	
	2017	2016	2017	2016
9. COST OF SALES				
Own manufactured goods	19,806,208	12,631,172	37,535,773	21,251,838
Trading goods	366,290	346,731	704,590	641,661
	20,172,498	12,977,903	38,240,363	21,893,499

Rupees in thousand	April - September		
	2017	2016	
10. TRANSACTIONS WITH RELATED PARTIES			
i. Holding company			
	Purchase of goods	3,119,003	2,368,489
	Purchase of property, plant and equipment	1,485	28,804
	Purchase of intangible assets	1,698	104,855
	Technical assistance fee	20,638	652
	Royalty	862,698	503,190
	Dividend paid	1,251,185	509,796
ii. Associated undertakings			
	Sale of goods	71,337	82,708
	Sale of property, plant and equipment	-	10,877
	Purchase of goods	18,527,786	10,377,221
	Purchase of property, plant and equipment	53,993	513,532
	Insurance premium	445,497	204,915
	Technical assistance fee	13,783	4,888
	Royalty	1,495	1,126
	Insurance claims	16,368	16,053
	Dividend paid	740,796	307,788
iii. Key management personnel			
	Salaries and other employee benefits	127,737	73,813
iv. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	42,723	37,133

Selected Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter and half year ended September 30, 2017 (Un-Audited)

Rupees in thousand	Un-audited	Audited
	September 30, 2017	March 31, 2017
Period / year end balances are as follows:		
Receivable from related parties		
- Holding company	2,208	526
- Associated undertakings	105,497	13,468
Payable to related parties		
- Holding company	908,039	1,564,603
- Associated undertakings	3,944,519	5,022,137

Rupees in thousand	Note	April - September	
		2017	2016
11. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,507,396	3,704,361
Adjustment for:			
- Depreciation on property, plant and equipment		343,328	219,612
- Profit on disposal of property, plant and equipment		(938)	(15,732)
- Assets written off		-	1,852
- Profit on bank deposits, loans to employees and advances to suppliers		(279,581)	(244,118)
- Gain on short term investments		(165,067)	(34,360)
- Finance cost		700	7,715
- Provision for employees' retirement benefits and other obligations		53,428	40,846
- Liabilities no longer payable written back		(7,679)	(77)
- Amortization of intangible assets		44,342	19,398
- Amortization of deferred revenue		(2,591)	(3,142)
- Royalty		873,372	506,719
- Working capital changes	11.1	1,195,160	10,258,207
		7,561,870	14,461,281
11.1 Working capital changes			
(Increase)/decrease in current assets			
- Stores and spares		1,555	(5,390)
- Stock-in-trade		(1,295,251)	(1,736,312)
- Trade debts		10,564	71,137
- Advances, deposits, prepayments and other receivables		(2,062,166)	(2,255,788)
Increase in current liabilities			
- Trade and other payables		4,540,458	14,184,560
		1,195,160	10,258,207

Rupees in thousand	September 30, 2017	September 30, 2016
	12. CASH AND CASH EQUIVALENTS	
Cash and cash equivalents included in the condensed cash flow statement comprise of the following amounts:		
Cash and bank balances	9,293,065	13,014,468
Short term investments - Treasury bills	16,925,109	2,482,483
	26,218,174	15,496,951

Selected Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter and half year ended September 30, 2017 (Un-Audited)

	Manufacturing		Trading		Total	
	July - September 2017	April - September 2017	July - September 2017	April - September 2017	July - September 2017	April - September 2017
Rupees in thousand						
13. SEGMENT INFORMATION						
Segment revenue	22,333,892	42,877,370	556,276	1,070,927	22,890,168	43,948,297
Segment expenses						
- Cost of sales	(19,806,208)	(37,535,773)	(366,290)	(704,590)	(20,172,498)	(38,240,363)
Gross profit	2,527,684	5,341,597	189,986	366,337	2,717,670	5,707,934
Distribution and marketing costs						
Administrative expenses					(192,645)	(341,437)
Other income					(160,074)	(296,361)
Other expenses					487,353	953,656
Profit from operations					(256,313)	(509,919)
Finance cost					2,595,991	5,513,873
Profit before taxation					(3,059)	(6,477)
Taxation					2,592,932	5,507,396
Profit after taxation					(975,165)	(1,803,358)
					1,617,767	3,704,038
						2,523,742

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, 2017.

There have been no changes in the risk management department or in any risk management policies since the year end March 31, 2017.

14.2 Fair value estimation

The different levels for fair value estimation used by the Company have been explained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the financial assets and liabilities that are measured at fair value at September 30, 2017.

Rupees in thousand	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Short term investments	6,322,043	16,925,109	-	23,247,152
Total Assets	6,322,043	16,925,109	-	23,247,152
Total Liabilities	-	-	-	-

The following table presents the financial assets and liabilities that are measured at fair value at March 31, 2017.

Rupees in thousand	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Short term investments	5,067,128	15,876,217	-	20,943,345
Total Assets	5,067,128	15,876,217	-	20,943,345
Total Liabilities	-	-	-	-

Selected Notes to and Forming Part of the Condensed Interim Financial Information

For the quarter and half year ended September 30, 2017 (Un-Audited)

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 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on November 22, 2017 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.

معیشت پر مثبت اثر ڈالتی ہے جس سے آٹوموبائل کی مانگ برقرار رہنے کی امید ہے۔ کمپنی، مصنوعات کے معیار اور پیداوار کے عمل کی کارکردگی پر توجہ مرکوز رکھے گی۔ تاکہ گاڑیوں کو ترسیل اور انتظار کی مدت کو کم کرنے کے ساتھ ساتھ بعد از فروخت سروس کی فراہمی بھی بہتر ہو۔

جسے اللہ رکھے اُسے کون چکھے

(God helps those who help themselves)

اتلہا رتفکر

میں تبدل سے اپنے معزز صارفین کا شکریہ ادا کرنا چاہوں گا جنہوں نے کمپنی کی مصنوعات پر اپنا اعتماد اور یقین قائم رکھا۔ اس کے ساتھ ساتھ میں ہنڈا موٹر کمپنی، ٹلس گروپ، وینڈرز، ڈیلرز، بینکرز اور شیئر ہولڈرز کا شکریہ ادا کرنا چاہوں گا جنہوں نے ہمیں ہمیشہ سپورٹ کیا۔ اس سال کی پہلی ششماہی کے دوران شاندار نتائج کے لیے جناب توہنجی اسپیا اور ان کی ٹیم کی خدمات قابل ستائش ہیں۔ میں آئندہ آنے والے سال 2018 کے لیے کامیابی کا متنبی ہوں۔

Yusuf H. Shirazi

جناب یوسف اشج شیرازی

چیئرمین

کراچی، 22 نومبر 2017

Yusuf H. Shirazi

Chairman

H. Yoshimura

Chief Executive

Ahmad Umair Wajid

Chief Financial Officer

اسی طرح، منافع قبل از ٹیکس 5,507.4 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 3,704.4 ملین روپے کے مقابلے میں 48.7 فیصد زیادہ ہے۔ ٹیکس کٹوتی کے بعد، اس سال کا مجموعی منافع بہتری کے ساتھ 3,704.0 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 2,523.7 ملین روپے تھا۔ آمدنی فی حصص 46.8 فیصد اضافے کے ساتھ 25.94 روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 17.67 روپے تھی۔ مالی سال 2018 کی پہلی ششماہی میں ایکویٹی پر ریٹرن 28.35 فیصد ہے۔

مستقبل کے خدو خال

اعلیٰ معاشی ترقی کا اصول تیزی سے بڑھتے ہوئے چیلنجوں کا باعث بنتا ہے جسے FY18 کے آغاز میں جلدی طور پر بیان کیا گیا ہے۔ ان میں شامل بیرونی دباؤ اور ایک توسیع پذیر مالی پالیسی پر مشتمل ہے۔ ترقی کے فروغ کو جاری رکھنے کے لیے ان چیلنجوں پر حکومت کا جواب اہم ہوگا۔ اس کے مطابق بیرونی آمدنی حمایت کے لیے تجارت کی مسابقت کو فروغ دینے کے لیے مالیاتی شعبوں کے بروقت احساس اور تعمیراتی اصلاحات کو اپنانا ہوگا۔ اس سلسلے میں، بنیادی لے کی شرح پر مثال کے مرحلے کے نقطہ نظر کے طور پر تجربہ کیا جائے گا۔ اہم مثبت عنصر جو پاکستان کی معیشت کو فروغ دے سکتی ہے وہ CPEC ہے اور ایک وڈو کے تحت اس کے اندر تمام سرگرمیوں کی نگرانی اور جانچ پڑتال کرنے کی ضرورت ہے۔ GDP کے تناسب میں ٹیکس کو بہتر بنانے اور معالیاتی خسارہ پر قابو پانے کے لئے ٹیکس اصلاحات ضروری ہیں دوسری جانب، بڑے پیمانے پر صنعتی نقطہ نظر اور بڑی فصلوں کی تشخیص مجموعی

چیمپئن کا جائزہ

30 ستمبر 2017 کو ختم ہونے والی مدت کے لیے

میں نہایت مسرت کے ساتھ 30 ستمبر 2017 کو ختم ہونے والی ششماہی کی مالیاتی رپورٹ پیش کر رہا ہوں۔

معیشت

موجودہ مالی سال 2017-18 معیشت میں جاری ترقیاتی سرگرمیوں کے ساتھ مثبت پیرائے میں شروع ہوا۔ افراط زر پر قابو، کم شرح سود، بڑے پیمانے پر مینوفیکچرنگ میں اضافے، ریونیو کی وصولی اور لمبی مدت کے بعد پہلی سہ ماہی کے دوران برآمدات میں اضافہ معیشت کے لیے مثبت امکانات کا سبب بنے۔ مالی سال 2018 کی پہلی سہ ماہی میں برآمدات میں واضح بہتری واقع ہوئی۔ گزشتہ سال کی پہلی سہ ماہی میں ہونے والی 4.67 بلین ڈالر کے مقابلے میں 10.71 فیصد اضافے کے ساتھ 5.17 بلین ڈالر رہیں۔ درآمدات بے تحاشہ اضافے کے ساتھ گزشتہ سال اسی سہ ماہی کے دوران 11.67 بلین ڈالر کے مقابلے میں 22.19 فیصد کے اضافے سے 14.26 بلین ڈالر رہیں۔ تاہم، 250 سے زائد درآمدی مصنوعات پر 5 سے 25 فیصد ریگولیشن ڈیوٹی بڑھانے کے سبب توقع ہے کہ آئندہ آنے والی سہ ماہی میں تیزی سے بڑھتی ہوئی درآمدات پر قابو پایا جائے گا۔ زیر جائزہ مدت کے دوران، ترسیلات زر ایک فیصد اضافے کے ساتھ 4.79 بلین ڈالر اور براہ راست غیر ملکی سرمایہ کاری 56.3 فیصد اضافے کے ساتھ 662 بلین ڈالر رہی، جو کہ بڑھتے ہوئے تجارتی خسارے کو پورا کرنے کے لیے ناکافی رہی۔ اس کے نتیجے میں، موجودہ مالی سال کے دوران تجارتی ادائیگیوں اور غیر ملکی قرضوں کی ادائیگیوں کے لیے فارکس کے ذخائر شدید ہواؤ کا شکار رہتے ہوئے 14.7 فیصد کمی سے 19.8 بلین ڈالر پر

تخلیف گئے۔ اس کے باوجود روپیہ امریکہ ڈالر کے مقابلے میں مستحکم رہا اگرچہ آنے والے دنوں میں امریکی ڈالر کی شدید طلب کی وجہ سے روپیہ ہواؤ کا شکار رہے گا۔

ریونیو کی وصولیاں گزشتہ سال اسی مدت کے مقابلے میں 20 فیصد اضافے کے ساتھ 765 بلین روپے رہیں۔ سال کی پہلی سہ ماہی کے دوران مالیاتی خسارہ GDP کا 1.33 فیصد سے کم ہو کر 0.9 فیصد رہا۔ جو کہ گزشتہ 10 سالوں میں سب سے کم ہے۔ افراط زر کی شرح زیر قابو رہے ہوئے 4 فیصد سے کم رہی ہے اور اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بغیر تبدیلی کے 5.75 فیصد پر برقرار رکھا ہے جس سے کسی حد تک پیداواری اخراجات میں کمی کی مدد ملی ہے۔

زراعت کے شعبہ کا تناسب GDP میں 19.5 فیصد اور 42 فیصد مزدور قوت کا ملازمت کے ساتھ معیشت کا مضبوط ستون رہا ہے۔ بہتر پانی کے بہاؤ، کھاد پر سبسڈی، فصل کی مستحکم قیمتوں اور خریف اور ربیع فصلوں کے متوقع بہتر نتائج اس شعبہ کے مستقبل کے امکانات کو بہتر بنانے میں مثبت کردار ادا کر رہے ہیں۔ اس کے علاوہ پھل فروڈ سیکٹور نے پالیسی کو حتمی شکل دی گئی ہے۔ جو زراعت کو جدید بنانے، موجودہ پانی کے وسائل کو بڑھانے اور ماحولیاتی زراعت کی ترقی کی ضمانت ہے۔

LSM نے جو صنعتی شعبہ میں اہم شراکت دار ہے، جولائی اور اگست 2017 کے مہینوں میں 10 فیصد کی مضبوط ترقی کی، جو گزشتہ 6 سالوں میں سب سے زیادہ ہے۔ اہم شراکت لوہے، سٹیل، آئرن سٹیل، سینٹ

اور انجینئرنگ کی مصنوعات سے آئی ہیں۔ اس شعبہ میں بنیادی طور پر مقامی طلب کو بڑھانے سے بڑے کریڈیٹ کم ہوتے ہوئے سیکورٹی کے خدشات اور توانائی کی فراہمی میں اضافے سے فائدہ اٹھایا گیا ہے۔

آٹوموبائل انڈسٹری

30 ستمبر 2017 کو ختم ہونے والی ششماہی کے دوران آٹوموبائل انڈسٹری نے گزشتہ سال اسی مدت کے مقابلے میں 18.53 فیصد ترقی کی۔ مالی سال 2018 کی پہلی ششماہی کے دوران انڈسٹری کی مجموعی پیداوار 102,585 یونٹس رہی جو کہ مالی سال 2017 کی پہلی ششماہی میں 86,546 یونٹس تھی۔ طلب میں اضافے کی وجوہات کم ٹرانس ریٹ اور موٹو ایسوسی ایشن کی سواری کی خدمات کا آغاز ہے، جس کے سبب لوگ بڑے شہروں میں بطور کاروبار گاڑیاں خرید رہے ہیں۔ یہی وجہ ہے کہ اس ششماہی کے دوران انڈسٹری کی سیکلز 101,081 یونٹس رہی جو کہ گزشتہ سال اسی ششماہی کے دوران 85,342 یونٹس کے مقابلے میں 18.44 فیصد زیادہ ہے۔

آپ کی کمپنی

مالی سال 2017 کی پہلی ششماہی کے دوران، آپ کی کمپنی نے 62.30 فیصد اضافے کے ساتھ 23,769 یونٹس تیار کیے جو کہ گزشتہ سال اسی مدت کے دوران 14,645 یونٹس تھے۔ اسی طرح گاڑیوں کی فروخت بھی 54.87 فیصد اضافے کے ساتھ 23,676 یونٹس رہی جو کہ گزشتہ سال اسی مدت کے دوران 15,287 یونٹس تھی۔ سیکلز میں اضافے کی وجہ سے ہنڈا سوک کی فروخت ہے جس میں گزشتہ سال کی پہلی

سہ ماہی میں 103.2 فیصد اضافہ ریکارڈ کی گیا، ہنڈا سٹی نے مستحکم کارکردگی دکھائی جبکہ سٹی لائٹنگ کروہ ہنڈا بی آر۔ وی نے سہ ماہی کے دوران سیکلز ٹارگٹ کو پورا کیا۔

مالیاتی نتائج

اس سال کی پہلی ششماہی کے دوران سیکلز ریونیو 68.9 فیصد اضافے کے ساتھ 43,948.3 بلین روپے رہا جو کہ گزشتہ سال کی پہلی ششماہی کے دوران 26,015.5 بلین روپے تھا۔ فروخت کی لاگت گزشتہ سال اسی مدت کے دوران 21,893.5 بلین روپے کے مقابلے میں اضافے کے بعد 38,240.4 بلین روپے رہی۔ مجموعی منافع 38.5 فیصد اضافے کے ساتھ 5,707.9 بلین روپے رہا جو کہ گزشتہ سال پہلی سہ ماہی میں 4,121.9 بلین روپے تھی۔ انتظامی اور فروخت کے اخراجات سیکلز میں اضافے کے ساتھ 637.8 بلین روپے تک چاہیے جو کہ گزشتہ سال اسی مدت کے دوران 440.4 بلین روپے تھے۔ تاہم، ستمبر 2017 کو ختم ہونے والی مدت کے دوران انتظامی اور فروخت کے اخراجات 1.7 فیصد سے کم ہو کر 4.1 فیصد رہے۔ آپریٹنگ منافع بہتری کے ساتھ 3,716.8 بلین روپے سے بڑھ کر 5,513.9 بلین روپے رہے۔ بہتر ٹریڈری مینجمنٹ کی وجہ سے دیگر آمدنی 353.6 بلین روپے کے مقابلے میں 953.7 بلین روپے رہے۔ WPPF اور WWF کی زیادہ پروڈیون کے سبب مالیاتی اور دیگر اخراجات 516.4 بلین روپے رہے جو کہ گزشتہ سال اسی مدت کے دوران 330.8 بلین روپے تھے۔

Authorized Sales, Service & Spare Parts

3S Dealers

KARACHI

Honda Shahrah-e-Faisal
13-Banglore Town,
Main Shahrah-e-Faisal
Tel: (021) 34547113-6,
34527070, 34527373,
34527474, 34527575
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

HYDERABAD

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

RAHIM YAR KHAN

Honda Rahim Yar Khan
Shahbazpur Road, Cantt. Chowk.
Tel: (068) 5674446-8
Fax: (068) 5674445

MULTAN

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

LAHORE

Honda City Sales
75-B, Block L, Gulberg III,
Ferozepur 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, 0320 5007373
Fax: (051) 2326126

RAWALPINDI

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

SAHIWAL

Honda Montgomery
Sahiwal Bypass, Lahore Road
Near PSO.
Tel: (0304) 111-45-45
Fax: (040) 4502082

SARGODHA

Honda Citrus Fields
7-Km Lahore Road.
Tel: (048) 3225186-7
Fax: (048) 3225869

FAISALABAD

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

Honda Chenab

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

GUJRANWALA

Honda Gujranwala
G.T. Road.
Tel: (055) 3893481-3
Fax: (055) 3893484

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

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Honda Empire
Mian Muhammad Road,
Quaid-e-Azam Chowk,
Mirpur Azad Kashmir
Tel: (05827) 451501-3
Fax: (05827) 451500

PESHAWAR

Honda North
Main University Road.
Tel: (091) 5854901, 5700807, 5700808
Fax: (091) 5854753

DERA GHAZI KHAN

Honda HiSun
Multan Road, Dera Ghazi Khan
Tel: (064) 111-690-690
Fax: (064) 2689009





HONDA

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43-KM Multan Road, Manga Mandi, Lahore
www.honda.com.pk