



Quarterly Report June 30,

2018

Atlas Honda Limited

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Website: www.atlashonda.com.pk

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hirofumi Yada
Director

Jawaid Iqbal Ahmed
Director

Sanaullah Qureshi
Director

Hironobu Yoshimura
Director

Yukitoshi Fujisaka
Director

Saqui H. Shirazi
Chief Executive Officer

Marrium Ahmed
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Danyal Ahmed
Head of Internal Audit

Marrium Ahmed
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Saqui H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saqui H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yukitoshi Fujisaka
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Faisal Iqbal
General Manager Human Resources & Administration

Khawaja Shujaiddin
General Manager Commercial & Planning

Muhammad Noman Khan
General Manager Engineering & Projects

Muhammad Qadeer Khan
General Manager Quality Assurance

Mujahid-ul-Mulk Butt
General Manager Sales

Shahzada Jamal Hamid
Head of Information Technology

Sohail Qaiser
General Manager Production, Planning & Control

Tanvir Hyder
General Manager Supply Chain

Zafar Iqbal
General Manager After Sales

Company Information

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

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
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Khushali 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 & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989, 4540028,
(92-61) 111-112-411
Fax: (92-61) 4541690

Islamabad Corporate Center,
Plot No. 784/785, Golra Road, Islamabad
Phone: (92-51) 5495781-84, 5495746-47

Makhdoom Altaf Road, West Sadiq Canal
Bank, Near City School, Rahimyar Khan
Tel: (068) 5883415-19,
Fax: (068) 5883414

2nd Floor, Dawood Centre, Autobhan Road,
Hyderabad.
Phone: (022) 3411361-9
Fax: (022) 34113670

1st Floor, Meezan Executive Tower,
4 – Liaquat Road, Faisalabad
Tel: (92-41) 2541011-7, 2541014

1st Floor, 28-Mozang Road, Lahore
Tel: (92-42) 36361191-5, 36360740-7

Show Room

West View Building, Preedy Street, Saddar,
Karachi
Tel: (92-21) 32720833, 32727607

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the quarter ended June 30, 2018.

MACROECONOMIC OVERVIEW

The challenges to Pakistan's economy were accentuated due to the resurgence of twin deficits and political uncertainties. Due to the lag effect, GDP is still estimated to achieve a thirteen year high growth rate of 5.8% for financial year 2017-18. Headline inflation remained moderate and well below the annual target of 6%. On the other hand, the current account deficit (CAD) deteriorated to ever-highest level of USD 18.0 billion. A favorable impact of strong recovery in exports of 12.6% and moderate increase in workers' remittances of 1.4% were off-set by the rise of 14.7% in imports. This was due to the strong demand for productive imports to support higher economic activity and a sharp increase in global oil prices.

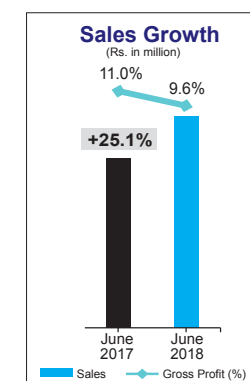
In the absence of adequate financial flows, a notable portion of CAD was financed through the country's own resources. Resultantly, as of June 2018, foreign exchange reserves were reduced to USD 9.8 billion, down by 64% since last year. Reflecting the increasing pressures on external account, PKR depreciated by 16.7% since January 2018. To keep the aggregate demand in control and ensure near-term stability, the State Bank of Pakistan has recently increased its policy rate to 7.5%. Additionally, pressures on the fiscal front remain in terms of poor revenue collection and increased expenditures on debt servicing. Resultantly, fiscal deficit surged to 6.8% of GDP in the financial year 2017-18 as compared to 3.9% last year. Economic concerns, political worries and downgrading of country credit rating continued to mar the performance of the stock market which closed at 41,911 points in June 2018, dropping by 10% on a year on year basis.

The agriculture sector recorded healthy growth of 3.8% against 2.1% of last year. Higher yields, attractive output prices and supportive policies have provided impetus to the growth. Major Kharif crops such as sugarcane and rice surpassed their production targets while cotton crop managed to exceed last year's performance. However, shortage of water continued to pose a serious challenge towards the growth of the agriculture segment. Other components of the sector namely livestock, fishing and forestry are showing positive growth.

The overall Large Scale Manufacturing growth of 6% in financial year 2017-18 is appreciably higher than that observed during the corresponding period last year. Increased consumer spending led to a strong showing by durables such as automobiles and electronics while the ongoing infrastructure and construction activities stimulated allied sectors of cement and steel. However, some challenges cast shadows on the capacity of this sector owing to ongoing monetary tightening for controlling domestic demand and currency devaluation.

OPERATING RESULTS

The momentum from the previous year carried through in the opening quarter and the Company posted its highest ever turnover of Rs. 22.1 billion, which represents an increase of 25.1% over the same period of last year. The positive performance primarily represents volume growth and a better sales mix. Gross profit (GP) for the quarter under review amounted to Rs. 2.1 billion, up by 9.1%. However, the GP percentage experienced a decrease from 11.0% of the corresponding period to around 9.6%, due to increase in raw material prices and depreciation of Pak Rupee against Dollar and Japanese Yen. Sales and marketing expenses rose to Rs. 481.5 million, an increase of 10.3%, which is attributable



to higher volumes and spending on promotional campaigns to support the core business. Administrative expenses registered an increase of 6.7% over the corresponding period primarily due to the increase in personnel cost and effects of general inflation. Other income, net of financial charges, contributed Rs. 267.4 million to the bottom line, 14.4% higher than the comparative period. The impressive topline allowed the Company to outpace its previous best performances and achieve profit after tax of Rs. 1.2 billion, an increase of 8.6%. This translated into Earnings per Share (EPS) of Rs. 11.6 against Rs. 10.6 for the corresponding period last year.

FUTURE OUTLOOK

The sustainability of growth momentum rests on effectively managing the internal and external gaps. On the external front, there is a need to arrange external financing in the short-term and resolve structural issues affecting competitiveness in the medium and long term. On the fiscal side, rationalization of expenditures may help reduce some stress temporarily. However, reforms are needed to expand the tax base and enhance the efficiency of the tax system to put internal finances in order. For the next year, economic growth is expected to slow down significantly as a weak currency and tighter monetary policy will rein in consumption patterns. Once the economy regains its balance in the medium term, the fundamentals are still strong enough to push it towards the sustainable growth path. This would encourage the demand for two wheelers again. However, in the short term, growth generally is expected to be tame after three years of double digit gains.

With enhanced capacity and improved competitiveness, the Company is confident and fully equipped to maintain its market leadership even in this environment. Challenges such as rising material prices and the depreciating Pak Rupee will need to be addressed through further glocalisation measures.

جو نیکو یابندہ

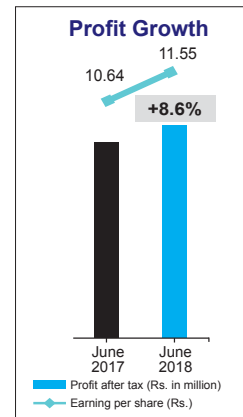
(Seek and you shall find)

ACKNOWLEDGEMENT

The Atlas Group takes great pride in its joint venture with Honda Motor Company Limited and would like to acknowledge its 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.

Dated: July 30, 2018
Karachi

Yusuf H. Shirazi



10.3 فیصد اضافہ ہوا جو کہ بنیادی کاروبار کو سپورٹ کرنے کے لیے کی جانے والی اشتہاری مہم اور زیادہ والیوم سے منسوب ہے۔ انتظامی اخراجات گزشتہ سال کے مقابلے میں 6.7 فیصد اضافہ دیکھا گیا جس کی وجہ ذاتی اخراجات اور افراط زر میں اضافہ ہے۔ دیگر آمدنی، نیٹ آف فنانشیل چارجز نے 276.4 ملین روپے کی شراکت داری کی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 14.4 فیصد زیادہ ہے۔ متاثر کن ٹاپ لائن نے کمپنی کو اس قابل بنایا کہ گزشتہ سال کی بہترین کارکردگی سے بھی بہتر کارکردگی دکھائی جائے اور اس طرح 8.6 فیصد اضافے کے ساتھ 1.2 ملین روپے بعد از ٹیکس منافع حاصل کیا گیا۔ جس کے سبب آمدنی فی حصص 11.6 روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 10.6 روپے تھی۔

مستقبل کے غدوخال

ترقی کے جاری رجحان میں پائیداری سے اندرونی اور بیرونی خلاء کو پُر کرنے میں موثر مدد ملی ہے۔ بیرونی محاذ پر مختصر المدت کے لیے خارجی فنانسنگ کی ضرورت ہے، درمیانی اور طویل المدت کے لیے مسابقتی رجحان پر اثر انداز ہونے والے ساختی مسائل کو حل کرنے کی ضرورت ہے۔ مالیاتی جانب پر، اخراجات میں استحکام عارضی طور پر دباؤ کو کم کرنے میں مدد دے گا۔ تاہم، ٹیکس کے دائرہ کار اور ٹیکس نظام کی موثیت بڑھانے کے لیے فوری اصلاحات کی ضرورت ہے۔ اگلے سال کمزور کرنی اور سخت مانیٹری پالیسی کے سبب معاشی پیداوار میں کمی متوقع ہے جس کی وجہ سے طلب میں کمی واقع ہوگی۔ معیشت کے بنیادی عناصر اتنے مستحکم ہیں کہ جب معیشت ایک بار درمیانی مدت کے لیے اپنا توازن دوبارہ حاصل کر لے گی تو اسے ترقی کے پائیدار سفر پر دوبارہ سے گامزن کیا جاسکے۔ اس کے سبب دو وھیملر انڈسٹری کی طلب میں ایک بار پھر اضافہ ہوگا۔ تاہم، مختصر المدت میں، ڈبل ڈیجٹل گینٹر کے تین سال کے بعد متوقع ہوتا ہے کہ ترقی کی رفتار کم رہے گی۔

بہتر صلاحیتوں اور بہتر مقابلے کے ساتھ، کمپنی ان حالات میں بھی مارکیٹ میں اپنی قیادت کو برقرار رکھنے کے لیے پراعتماد اور مکمل طرح سے لیس ہے۔ خام مال کی قیمتوں میں اضافے اور روپے کی قدر میں کمی جیسے مسائل کو مزید بہتر اقدامات کے ذریعے حل کرنے کی اشد ضرورت ہے۔

جو نیکو یابندہ

توثیق بیان

دی اٹلس گروپ ہنڈا موٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ معیارات کو برقرار رکھنے میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پراعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرازی - سی ای او کو ان کی پراثر لیڈرشپ اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویٹرز، ایسوسی ایٹس اور شیئر ہولڈرز کو بے حد ممنون و مشکور ہوں کہ جن کی مدد سے اٹلس ہنڈا لمیٹڈ کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

جناب یوسف ایچ شیرازی

بتاریخ: 30 جولائی 2018
کراچی

چیرمین کا جائزہ:

میں نہایت مسرت کے ساتھ 30 جون 2018 کو ختم ہونے والے تین ماہ کے لیے کمپنی کی غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

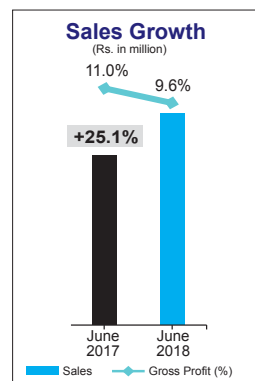
میکرو اکنامک جائزہ:

پاکستانی معیشت کو جڑواں خسارے اور سیاسی عدم استحکام کے سبب دباؤ کا سامنا رہا۔ Lag effect کے سبب شرح نمو مالی سال 2017-18 کے دوران گزشتہ تیرہ برس کی بلند ترین سطح 5.8 فیصد تک پہنچنے کا تخمینہ لگایا گیا ہے۔ ہیڈ لائن افراط زر درمیانے درجے پر رہتے ہوئے سالانہ ہدف 6 فیصد سے نیچے رہی۔ دوسری جانب، کرنٹ اکاؤنٹ خسارہ 18.0 بلین ڈالر کی بلند ترین سطح پر موجود ہے۔ برآمدات میں 12.7 فیصد وصولیابی اور بیرون ملک کام کرنے والے افراد کی جانب سے بھیجی گئی افراط زر میں 1.4 فیصد اضافے کے اثرات کو درآمدات میں ہونے والے 14.7 فیصد اضافے نے زائل کر دیا۔ اس کا اہم سبب بڑے پیمانے پر ہونے والی معاشی سرگرمیوں کے لیے درکار اشیاء کی درآمد اور عالمی سطح پر تیل کی قیمتوں میں تیز اضافہ ہے۔

مالیاتی بہاؤ کی عدم موجودگی کے سبب، کرنٹ اکاؤنٹ خسارے کے ایک بڑے حصے کو ملک کے ذاتی وسائل سے پورا کیا گیا۔ جس کے نتیجے میں، ملک کے زرمبادلہ کے ذخائر 9.8 بلین رہے جو کہ گزشتہ سال کے مقابلے میں 64 فیصد کم ہیں۔ جنوری 2018 سے تا حال پاکستانی روپے کی قدر میں 16.7 فیصد کمی واقع ہوئی ہے جو کہ بیرونی اکاؤنٹ پر پڑے والے دباؤ کی عکاسی کرتا ہے۔ طلب کو قابو میں رکھنے اور مدت قریب میں استحکام کو یقینی بنانے کے لیے اسٹیٹ بینک آف پاکستان نے حال ہی میں اپنی پالیسی ریٹ 7.5 فیصد بڑھا دیا۔ اس کے ساتھ، محصولات میں کمی اور قرض سروس پر اخراجات میں اضافے کے سبب مالیاتی محاذ پر دباؤ رہا۔ جس کے نتیجے میں مالی سال 2017-18 کے دوران مالیاتی خسارہ شرح نمو کا 6.8 فیصد رہا جو کہ گزشتہ سال 3.9 فیصد ہے۔ معاشی خدشات، سیاسی پریشانیاں اور ملکی کریڈٹ ریٹنگ میں کمی اسٹاک مارکیٹ کی کارکردگی پر اثر انداز ہوئی اور اسٹاک مارکیٹ جون 2018 میں 10 فیصد کمی کے ساتھ 41,911 پوائنٹس پر بند ہوئی۔

زرعی شعبے میں 3.8 فیصد ترقی ریکارڈ کی گئی جو کہ گزشتہ سال 2.1 فیصد تھی۔ زیادہ پیداوار، پرکشش قیمت خرید اور حمایتی پالیسیوں کے سبب اس شعبے میں ترقی ممکن ہوئی۔ خریف کی اہم فصلوں جیسے گنے اور چاول کی فصلیں اپنے ہدف سے بھی آگے نکل گئیں جبکہ توقع ہے کہ کپاس کی فصل گزشتہ سال کے پیداواری ہدف کو پورا کر لے گی۔ تاہم، پانی کی کمی زراعت کے شعبے میں ترقی کی جانب ایک اہم مسئلہ رہا۔ دیگر شعبوں بشمول لائیو اسٹاک، فٹنگ اور جنگلات میں بھی مثبت رجحانات دیکھنے میں آئے۔

مالی سال 2017-18 کے دوران مجموعی طور پر بڑے پیمانے پر مینوفیکچرنگ میں 6 فیصد اضافہ ہوا جو کہ گزشتہ سال کے مقابلے میں قابل قدر اضافہ ہے۔ صارفین کی جانب سے الیکٹرونکس اور آٹوموبائل شعبے میں زیادہ خریداری دیکھنے میں آئی جبکہ ترقیاتی منصوبوں کے سبب سیمنٹ اور اسٹیل کے شعبوں میں ترقی دیکھی گئی۔ تاہم مقامی طلب اور روپے کی قدر میں کمی پر قابو پانے کے لیے کی جانے والی مالیاتی سختیوں کے سبب اس شعبے کو کچھ مشکلات کا سامنا کر پڑا۔



آپریٹنگ نتائج

گزشتہ سال کا جاری رجحان ابتدائی سہ ماہی میں بھی جاری رہا اور کمپنی نے اب تک کا بلند ترین ٹرن اور 22.1 بلین روپے ظاہر کیا، جو کہ گزشتہ سال اسی مدت کے مقابلے میں 25.1 فیصد اضافے کو ظاہر کرتا ہے۔ یہ مثبت کارکردگی بنیادی طور پر حجم میں اضافے اور بہتر سکلزکس کو ظاہر کرتی ہے۔ زیر جائزہ سہ ماہی کے دوران گروس پروفٹ 9.1 فیصد اضافے کے ساتھ 2.1 بلین روپے رہا۔ تاہم، خام مال کی قیمتوں میں اضافے اور امریکی ڈالر اور جاپانی ین کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے سبب گروس منافع کی فیصد گزشتہ سال کے 11 فیصد کے مقابلے میں 9.6 فیصد کم رہی۔ سیلز اور مارکیٹنگ کے اخراجات میں

Condensed Interim Statement of Financial Position (Unaudited) As at June 30, 2018

Note	(Unaudited) June 30, 2018 (Rupees in '000)	(Audited) March 31, 2018
Assets		
Non current assets		
Property, plant and equipment	5 8,252,382	7,976,101
Intangible assets	6 41,977	44,905
Long term investments	7 334,899	324,899
Long term loans and advances	28,800	31,481
Long term deposits	16,380	22,573
	8,674,438	8,399,959
Current assets		
Stores, spares and loose tools	731,887	650,160
Stock-in-trade	3,533,176	2,599,530
Trade debts	1,035,020	861,224
Loans and advances	37,537	40,107
Trade deposits and prepayments	84,969	137,663
Accrued mark-up / interest	16,112	15,557
Other receivables	20,425	15,528
Taxation - net	833,086	725,750
Short term investments	6,959,597	8,400,246
Bank balances	7,477,615	9,981,615
	20,729,424	23,427,380
	29,403,862	31,827,339
Equity and Liabilities		
Equity		
Share capital	1,034,066	1,034,066
Reserves	13,369,184	14,966,655
	14,403,250	16,000,721
Non current liabilities		
Compensated absences	249,120	241,681
Deferred taxation	698,042	698,042
	947,162	939,723
Current liabilities		
Trade and other payables	12,646,609	14,823,292
Unclaimed dividend	1,406,841	63,603
	14,053,450	14,886,895
	15,000,612	15,826,618
	29,403,862	31,827,339
Contingencies and commitments		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Yusuf H. Shirazi

Yusuf H. Shirazi
Chairman

Saqib H. Shirazi

Saqib H. Shirazi
Chief Executive Officer

Kashif Yasin

Kashif Yasin
Chief Financial Officer


Condensed Interim Profit or Loss Account & Other Comprehensive Income (Unaudited)

For the Three Months Period Ended June 30, 2018

	Note	Three months period ended June 30,	
		2018	2017
		(Rupees in '000)	
Sales - net		22,128,662	17,693,849
Cost of sales	11	(20,006,170)	(15,747,988)
Gross profit		2,122,492	1,945,861
Sales and marketing expenses		(481,541)	(436,701)
Administrative expenses		(158,033)	(148,051)
Other income		259,030	222,434
Other operating expenses		(114,027)	(113,205)
Profit from operations		1,627,921	1,470,338
Finance costs		(1,608)	(2,867)
Share of profit of associate - net of tax		10,000	14,201
Profit before taxation		1,636,313	1,481,672
Income tax expense		(441,805)	(381,501)
Profit after taxation		1,194,508	1,100,171
Other comprehensive income		-	-
Total comprehensive income		1,194,508	1,100,171
----(Rupees)----			
Earnings per share - basic and diluted	12	11.55	10.64

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer


Condensed Interim Statement of Cash Flows (Unaudited)

For the Three Months Period Ended June 30, 2018

		Three months period ended	
		June 30,	
	Note	2018	2017
(Rupees in '000)			
Cash Flows from Operating Activities			
Cash (used in) / generated from operations	13	(1,349,222)	1,064,110
Income tax paid		(549,141)	(458,203)
Compensated absences paid		(5,878)	(1,811)
Mark-up / interest received		205,433	82,650
Workers' profit participation fund paid		(333,728)	(267,804)
Long term loans and advances - net		2,681	57
Long term deposits - net		6,193	(956)
Net cash (used in) / generated from operating activities		(2,023,662)	418,043
Cash Flows From Investing Activities			
Payments for property, plant & equipment		(563,081)	(256,996)
Intangible acquired		-	(52,400)
Payments for investments acquired		(400,000)	(2,775,000)
Proceeds from sale of property, plant & equipment		27,449	10,634
Proceeds from sale of investments		1,904,035	3,647,690
Net cash generated from investing activities		968,403	573,928
Net Cash Used in Financing Activity			
Dividend paid		(1,448,741)	(1,186,241)
Net decrease in cash and cash equivalents		(2,504,000)	(194,270)
Cash and cash equivalents at beginning of the period		9,981,615	7,053,784
Cash and cash equivalents at end of the period		7,477,615	6,859,514

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer


Condensed Interim Statement of Changes in Equity (Unaudited)

For the Three Months Period Ended June 30, 2018

(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, 2017	1,034,066	39,953	165	6,992,000	5,191,349	13,257,533
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2017 at the rate of Rs.18.5 per share	-	-	-	-	(1,913,022)	(1,913,022)
	-	-	-	-	(1,913,022)	(1,913,022)
Total comprehensive income for the three months period ended June 30, 2017	-	-	-	-	1,100,171	1,100,171
Balance as at June 30, 2017 (unaudited)	1,034,066	39,953	165	7,992,000	3,378,498	12,444,682
Total comprehensive income for the nine months period ended March 31, 2018	-	-	-	-	3,556,039	3,556,039
Balance as at March 31, 2018	1,034,066	39,953	165	7,992,000	6,934,537	16,000,721
Transfer to general reserve	-	-	-	1,500,000	(1,500,000)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2018 at the rate of Rs.27.0 per share	-	-	-	-	(2,791,979)	(2,791,979)
Total comprehensive income for the three months period ended June 30, 2018	-	-	-	-	1,194,508	1,194,508
Balance as at June 30, 2018 (unaudited)	1,034,066	39,953	165	9,492,000	3,837,066	14,403,250

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Period Ended June 30, 2018

1. THE COMPANY AND ITS ACTIVITIES

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1- McLeod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembling facilities of the Company are located at Karachi and Sheikhpura, with branches, customer care centres, warranty & training centres and other offices located in Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at June 30, 2018.

2. BASIS OF PREPARATION

2.1 These condensed interim financial information have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (Act); and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed. The condensed interim financial information of the Company for the quarter ended June 30, 2018 are unaudited.

2.2 The condensed interim financial information do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2018.

2.3 This condensed interim financial information are being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of the Act.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended March 31, 2018, except for certain amendments which did not have any effect on these condensed interim financial statements.

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3.3 The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 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 judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

4.2 During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended March 31, 2018.

	Note	(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
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5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	7,999,665	7,858,301
Capital work-in-progress		252,717	117,800
		<u>8,252,382</u>	<u>7,976,101</u>

5.1 Operating fixed assets

Book value at beginning of the period / year		7,858,301	6,898,586
Additions during the period / year	5.2	428,164	2,314,419
Disposals and write-off, costing Rs. 43,200 thousand (March 31, 2018: Rs. 1,056,868 thousand)			
- at book value		(27,449)	(455,647)
Depreciation charge for the period / year		(259,351)	(899,057)
		<u>7,999,665</u>	<u>7,858,301</u>

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

	Note	(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
Building on freehold land		4,002	227,265
Building on leasehold land		7,233	52,211
Plant and machinery		167,548	1,482,901
Dies and jigs		142,675	219,576
Factory equipment		29,519	104,881
Office equipment		4,403	20,891
Computers and accessories		1,417	26,338
Furniture and fixtures		3,169	12,650
Electric and gas fittings		9,729	33,790
Vehicles		58,468	133,916
		<u>428,164</u>	<u>2,314,419</u>

6. INTANGIBLE ASSETS

Book value at beginning of the period / year		44,905	37
Additions during the period / year		-	54,866
Amortisation charge for the period / year		(2,928)	(9,998)
		<u>41,977</u>	<u>44,905</u>

7. LONG TERM INVESTMENTS

Unquoted

Associate - equity accounted investment	7.1	334,899	324,899
Others - available for sale	7.2	-	-
		<u>334,899</u>	<u>324,899</u>

Note	(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
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7.1 Equity accounted investment - Atlas Hitec (Private) Limited

Balance at beginning of the period / year	324,899	292,342
Share of profit for the period / year - net of tax	10,000	50,607
Dividend received during period / the year	-	(18,050)
	<u>334,899</u>	<u>324,899</u>

7.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23%(March 31, 2018:29.23%) of its issued, subscribed and paid-up capital as at June 30, 2018.

7.1.2 The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2018.

Note	(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
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7.2 Others - available for sale Arabian Sea Country Club Limited

200,000 ordinary shares of Rs. 10 each - cost	2,000	2,000
Less : Impairment in the value of investment	2,000	2,000
	<u>-</u>	<u>-</u>

Automotive Testing and Training Centre (Pvt.) Limited

50,000 ordinary shares of Rs. 10 each - cost	500	500
Less : Impairment in the value of investment	500	500
	<u>-</u>	<u>-</u>

8. TRADE DEPOSITS AND PREPAYMENTS

Include prepayments of Rs. 44,322 thousand (March 31, 2018: Rs. 103,113 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
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9. SHORT TERM INVESTMENTS - at fair value through profit or loss

Investments in units of mutual funds:		
- Related parties	6,264,296	7,709,590
- Others	695,301	690,656
	<u>6,959,597</u>	<u>8,400,246</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 There is no change in status of the contingencies as disclosed in note 24.1 of the audited annual financial statements of the Company for the year ended March 31, 2018.

(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
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10.1.2 Outstanding bank guarantees	856,789	901,410
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		(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
10.2 Commitments			
10.2.1 Commitments in respect of:			
- capital expenditure other than letters of credit		165,191	59,122
- capital expenditure, raw materials and components through confirmed letters of credit		1,772,920	2,283,743
10.2.2 Aggregate commitments for ljarah arrangements of vehicles as at period / year end are as follows:			
		(Unaudited) June 30, 2018 ------(Rupees in '000)-----	(Audited) March 31, 2018
Not later than one year		29,994	36,406
Over one year and no later than five years		47,009	63,739
		77,003	100,145
		(Unaudited) Three months period ended June 30,	(Audited) March 31, 2018
		2018 ------(Rupees in '000)-----	2017
11. COST OF SALES			
Finished goods at beginning of the period		474,868	537,753
Cost of goods manufactured	11.1	18,943,630	14,483,240
Purchases		1,261,572	1,257,343
		20,205,202	15,740,583
		20,680,070	16,278,336
Finished goods at end of the period		(673,900)	(530,348)
		20,006,170	15,747,988
11.1. Cost of goods manufactured			
Work-in-process at beginning of the period		5,980	4,636
Raw materials and components consumed		16,372,419	12,281,891
Factory overheads		2,593,232	2,258,247
		18,965,651	14,540,138
		18,971,631	14,544,774
Work-in-process at end of the period		(28,001)	(61,534)
		18,943,630	14,483,240

	Note	(Unaudited) Three months period ended June 30, 2018 ------(Rupees in '000)-----	2017
12. EARNINGS PER SHARE - basic			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Net profit for the period		1,194,508	1,100,171
		------(Number of shares)-----	
Weighted average number of ordinary shares in issue during the period		103,406,613	103,406,613
		------(Rupees)-----	
Basic earnings per share		11.55	10.64
13. CASH (USED IN)/GENERATED FROM OPERATIONS			
Profit before taxation		1,636,313	1,481,672
Adjustments for non-cash charges and other items:			
Depreciation of operating fixed assets		259,351	232,474
Amortisation of intangible assets		2,928	1,785
Net gain / (loss) in fair value of investments at fair value through profit of loss		(42,451)	(1,082)
Gain on sale of investments		(20,935)	(70,279)
Mark-up / interest on saving deposit accounts and TDRs		(205,988)	(99,085)
Share of profit of an Associated Company		(10,000)	(14,201)
Workers' profit participation fund		81,813	79,575
Workers' welfare fund		31,769	30,238
Provision for compensated absences		13,317	7,107
Provision for gratuity		5,706	5,520
Loss on disposal of fixed assets		-	2,663
Working capital changes	13.1	(3,101,045)	(592,277)
		(1,349,222)	1,064,110
13.1. Working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(81,727)	(70,019)
Stock-in-trade		(933,646)	(654,496)
Trade debts		(173,796)	(121,125)
Loans and advances		2,570	(690)
Trade deposits and prepayments		52,694	44,824
Other receivables		(4,897)	2,390
		(1,138,802)	(799,116)
Decrease in trade and other payables		(1,962,243)	206,839
		(3,101,045)	(592,277)
14. FINANCIAL RISK MANAGEMENT			
14.1 Financial risk factors			
The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.			
There have been no significant changes in the risk management policies since the year end.			
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, 2018.			

14.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the financial information are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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].

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	6,959,597	-	-	6,959,597

There was no transfer amongst the levels and any change in valuation techniques during the period.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Details of significant transactions with related parties, other than those which have been disclosed elsewhere in the financial information, are as follows:

Relationship with the Company	Nature of transactions	(Unaudited) Three months period ended June 30,	
		2018	2017
		------(Rupees in '000)-----	
(i) Parent Company	Dividend paid	1,463,959	1,003,083
	Rent	25,379	13,417
(ii) Associates	Sales:		
	- goods and services	301,391	220,067
	- operating fixed assets	17,465	7,212
	Purchases:		
	- goods and services	5,335,334	4,486,957
	- operating fixed assets	42,876	13,693
	Sale of units in mutual funds	1,500,000	2,863,896
	Purchase of units in mutual funds	-	2,025,000
	Dividend received from mutual funds	-	-
	Royalty	925,253	789,888
	Export commission	736	4,514
	Technical assistance fee paid	18,134	-
	Commission income	858	1,266
	Insurance premium paid	38,335	26,852
	Insurance claims received	1,565	1,202
	Reimbursement of expenses - net	757	725
	Dividend paid	79,157	-
(iii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	15,855	15,045
(iv) Key management personnel	Managerial remuneration and benefits	32,647	30,666
	Retirement benefits	1,662	1,538

(Unaudited)
June 30,
2018
------(Rupees in '000)-----

(Audited)
March 31,
2018

15.2 Period / year end balances are as follows:

Payable to related parties

Trade and other payables	1,038,797	1,044,464
Long term loans	2,715	2,544
Compensated absences	36,419	31,261

Advance to related parties

Capital work-in-progress	5,636	4,380
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16. CORRESPONDING FIGURES


In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2018 and the corresponding figures in the condensed interim profit or loss account & other comprehensive income, condensed interim statement of cash flows 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 three months period ended June, 30, 2017.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 30, 2018 by the Board of Directors.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer