

**EXPLORING NEW
DIMENSIONS OF PROGRESS**

**THIRD QUARTER REPORT
DECEMBER 2018**

Honda Atlas Cars (Pakistan) Limited





COVER CONCEPT

The Company has always won the hearts of the customers with its modern and futuristic product range. This innovative approach has helped the company to succeed on many fronts. The concept “Exploring new dimensions of progress” is represented in this visual. This makes use of the symbolic arrows that represent new dimensions, exploration, innovation and progress. Shades of red and orange highlight aggressive growth and success.

HONDA
The Power of Dreams



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REVIEW REPORT

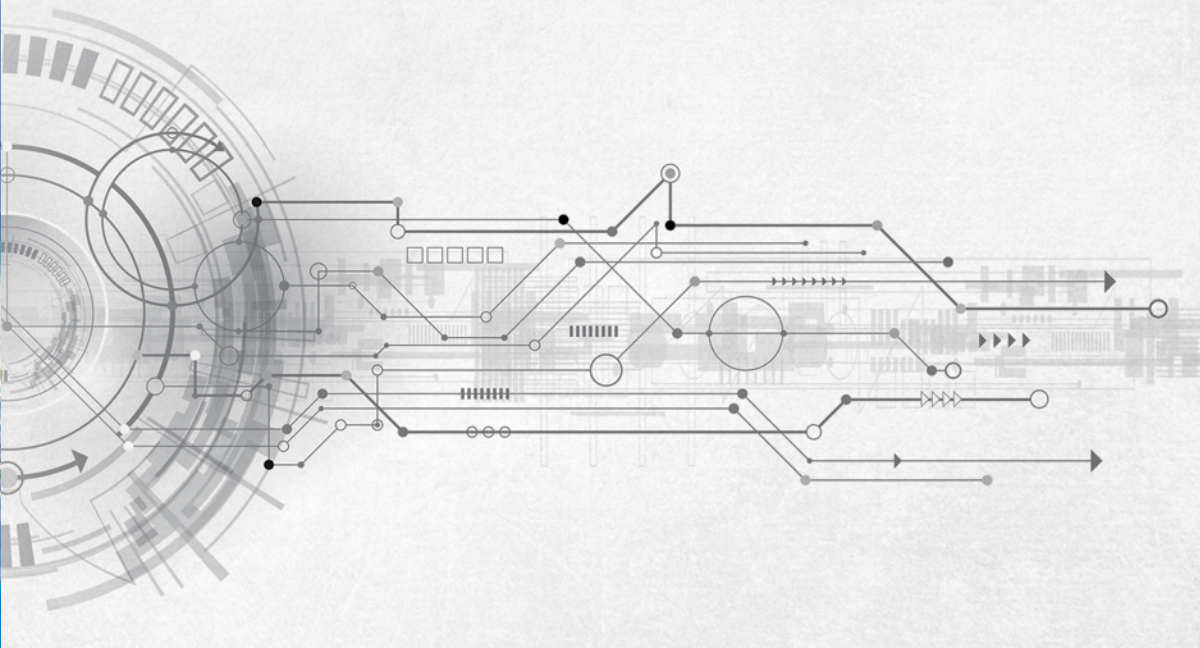
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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Yusuf H. Shirazi	Chairman
Mr. Hironobu Yoshimura	President / CEO
Mr. Aamir H. Shirazi	Director & Senior Advisor
Mr. Kenichi Matsuo	Executive Director / VP (P)
Mr. Akira Murayama	Director
Mr. M. Feroz Rizvi	Independent Director
Ms. Mashmooma Zehra Majeed	Independent Director
Ms. Rie Mihara	Independent Director
Mr. Satoshi Suzuki	Director

COMPANY SECRETARY

Mr. Maqsood-ur-Rehman Rehmani

CHIEF FINANCIAL OFFICER

Mr. Ahmad Umair Wajid

AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Aamir H. Shirazi	Member
Mr. Akira Murayama	Member
Ms. Mashmooma Zehra Majeed	Member
Mr. Satoshi Suzuki	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Ms. Mashmooma Zehra Majeed	Chairperson
Mr. Aamir H. Shirazi	Member
Mr. Hironobu Yoshimura	Member
Mr. Kenichi Matsuo	Member
Mr. Akira Murayama	Member

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

REGISTERED OFFICE

1-Mcleod Road, Lahore, Pakistan.
Tel: +92 42 37225015-17
Fax: +92 42 37233518

FACTORY

43 Km, Multan Road,
Manga Mandi, Lahore, Pakistan.
Tel: +92 42 35384671-80
Fax: +92 42 35384691-92
E-mail: info@honda.com.pk

REGIONAL OFFICES

LAHORE

Asia House,
19-C&D, Block L, Gulberg III,
Main Ferozepur Road.
Tel: +92 42 35694851-53
Fax: +92 42 35694854

KARACHI

C16, KDA Scheme No. 1,
Karsaz Road.
Tel: +92 21 34305411-3
Fax: +92 21 34305414

CHAIRMAN'S REVIEW

It is my pleasure to present you the financial statements for the third quarter ended 31st December 2018.

THE ECONOMY

The economic uncertainty has started to fade out after Government received commitments for financial assistance from various allies. This will ease the pressure of immediate need for financial stability and to settle the looming foreign debt payments. The deferred oil payment facilities will further release pressure on widening current account deficit and depleting forex reserves.

The inflation which has been on the rise, is expected to further increase during 2H of FY19, owing to low base affect and lagged impact of currency devaluation. State Bank, in order to curb inflationary pressures, has started tightening its monetary policy and was followed by further rise in interest rates by 150 basis points and was increased to 10% - highest in last five years!

Current Account Deficit (CAD) was US\$ 6.1 billion till Nov-2018, which slightly improved over last year. However, it has yet to reach sustainable level. If the current lower crude oil prices continue and exports show double digit improvement, the current account deficit can be brought at manageable level. Exports for 5MFY19 were stagnant at US\$ 9.12 billion against US\$ 9.00 billion in the same period last year. Imports were also at the same level of US\$ 23.63 billion, against US\$ 23.82 billion, last year. Despite stagnant exports and only a marginal reduction in imports, current account deficit showed some improvements mainly from a 12.56% increase in foreign remittances. In all, the CAD of 4.8% for the period was marginally better than of 5% recorded in the corresponding period last year. The foreign exchange reserves were US\$ 13.8 billion by the end of December 2018.

The current fiscal situation continued to put pressure on Pak Rupee, which was further devalued in November 2018 and stood at Rs

138.86 to 1US\$. The staggering value loss of Pak Rupee has increased by 20.1% since start of this fiscal year – and 31.65% from December 2017!

The tax revenue collection improved by 3.3% to Rs 1,779 billion during first half of FY19 against Rs 1,722 billion in same period of FY18. However, it was short of budgeted target by 8.7%.

COMPANY OPERATIONS

During the period under review, your company produced 37,544 units against 36,057 units in first nine months of last year, showing an improvement of 4.12%. Sale was 36,771 units against 35,860 units last year.

The production of automobile industry for the quarter ended December 2018 was 57,085 units against 57,179 units in the same period of last year. Sales were 54,665 units against 56,726 units in the corresponding quarter of last year. The industry production and sales results for last two quarters have been stagnant since July 2018 mainly due to impact of multiple devaluations of Pak Rupee and amendments in the budget of 2018-19. The frequent price adjustments of the local models have reduced consumer demand and new order inflow has dropped. Overall, the industry sales for nine months' period ended December 2018 was 166,394 units against 158,599 units, showing a moderate increase of 4.9%.

BUSINESS OPERATIONS

The sales revenue for period ended December 31, 2018 was Rs 70.964 bln against Rs 65.746 bln in the same period of last year. The cost of sales increased by 13.5% to Rs 65.543 bln against Rs 57.759 bln mainly due to 20.1% devaluation of PKR against US\$ since start of April 2018. However, the complete devaluation impact was not passed on to the customers and as a results, the increase in production cost led to a reduction in the gross profit (GP) & net profitability margins. Accordingly, gross profit was Rs 5.421 bln against Rs 7.987 bln in the corresponding period, last year. Selling and general administrative (SGA)

CHAIRMAN'S REVIEW

expenses were Rs 1.201 bln against Rs 0.945 bln in the same period last year. Other income reduced to Rs 1.042 bln against Rs 1.414 bln for the period ended December 2017, due to realization of terms deposits & short term investments to meet the cash flow requirements. The financial and other charges were Rs 1.147 bln against Rs 0.835 bln during the corresponding period. Profit before tax was Rs 4.114 bln against Rs 7.620 bln; and after necessary tax provisions, the after tax profit was Rs 2.682 bln against Rs 5.121 bln.

The earnings per shares (EPS) for the nine months' period ended December 31, 2018 was Rs 18.78 and return on equity was 15.71% as compared to Rs 35.86 and 39.20% respectively, in December 31, 2017.

FUTURE OUTLOOK

Recent policy measures, including monetary tightening, exchange rate depreciation coupled with changes in import & custom duties are all likely to dampen domestic demand in near future. These measures along with a cut in federal development spending are likely to contain fiscal deficit, though will have implications for growth and inflation going forward. The industrial sector may witness a slowdown due to an expected reduction in consumer demand. The construction-allied & consumer durable industries may see slower growth in production. The former may be affected by a contraction in development spending, while the latter could be impacted by rising domestic prices due to exchange rate depreciation and higher borrowing cost.

The decline in the area under sugarcane crop, water shortages at the time of sowing of kharif crops and weak trends in the off-take of fertilizer indicate that agriculture sector may perform under par. Recent rains and improved water availability, as well as increased area under rice & cotton crops, however, may provide some support to agriculture sector.

The automobile industry is also going through testing phase following the multiple impacts of exchange rate depreciations along with new-cars buying restriction on non-filers. The decline in consumer demand will have adverse impact on the industry production in the coming quarters.

The business environment has become challenging owing to recent measures taken for economic revival. However, the company will continue to show resilience and focus to maintain quality standards and efficient customers' support services.

خودی کو کر بلند اتنا کے ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے، بتا تیری رضا کیا ہے۔

ACKNOWLEDGEMENT

I would like to thank Honda Motor Company, Japan and Atlas Group for their continued guidance and cooperation for the company's operations. I would also thank our valuable customers, bankers, vendors, dealers and shareholders for their faith and confidence in the company. Mr. Hironobu Yoshimura and his team deserve appreciation for their dedication, hard work and commitment for maintaining progress of the company despite difficult conditions.



YUSUF H. SHIRAZI

Chairman

Karachi

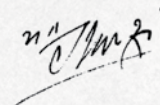
January 24, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

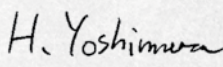
AS AT DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	Note	Un-audited December 31, 2018	Audited March 31, 2018
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200,000,000 (March 31, 2018 : 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, 2018 : 142,800,000)			
ordinary shares of Rs. 10 each		1,428,000	1,428,000
Reserves		12,306,000	9,706,000
Un-appropriated profit		2,773,175	5,939,492
		16,507,175	17,073,492
NON-CURRENT LIABILITIES			
Deferred liabilities		128,230	93,385
Deferred taxation		355,278	433,591
Deferred revenue		11,732	12,838
		495,240	539,814
CURRENT LIABILITIES			
Current portion of deferred revenue		5,034	3,026
Accrued mark up		38	782
Unclaimed dividend		49,896	22,600
Trade and other payables		21,146,672	41,169,065
		21,201,640	41,195,473
CONTINGENCIES AND COMMITMENTS	6		
		38,204,055	58,808,779
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	4,707,223	4,991,899
Intangible assets		234,958	305,124
Capital work-in-progress		255,355	76,348
Long term trade debts		52,684	-
Long term loans and advances		219,792	189,023
Long term deposits		4,042	4,042
		5,474,054	5,566,436
CURRENT ASSETS			
Stores and spares		147,843	138,779
Stock-in-trade		11,858,447	8,208,043
Trade debts		318,909	92,441
Loans, advances, prepayments and other receivables	8	11,080,590	13,135,180
Short term investments		5,226,916	20,674,900
Cash and bank balances		4,097,296	10,993,000
		32,730,001	53,242,343
		38,204,055	58,808,779

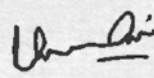
The annexed notes 1-17 form an integral part of these condensed interim financial statements.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



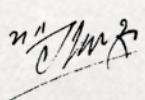
Mr. Ahmad Umair Wajid
Chief Financial Officer

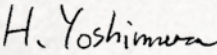
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

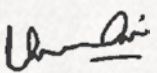
FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	Note	October - December		April - December	
		2018	2017	2018	2017
Sales	9	21,292,775	21,797,782	70,964,378	65,746,079
Cost of sales	10	(19,663,810)	(19,518,877)	(65,543,644)	(57,759,240)
Gross profit		1,628,965	2,278,905	5,420,734	7,986,839
Distribution and marketing costs		(291,574)	(157,193)	(647,911)	(498,630)
Administrative expenses		(171,496)	(150,415)	(553,328)	(446,776)
Other income		232,073	460,426	1,041,502	1,414,082
Other expenses		(528,280)	(316,481)	(1,138,943)	(826,400)
		(759,277)	(163,663)	(1,298,680)	(357,724)
Profit from operations		869,688	2,115,242	4,122,054	7,629,115
Finance cost		(1,883)	(2,932)	(8,250)	(9,409)
Profit before taxation		867,805	2,112,310	4,113,804	7,619,706
Taxation		(266,210)	(695,577)	(1,431,421)	(2,498,935)
Profit after taxation		601,595	1,416,733	2,682,383	5,120,771
Earnings per share - basic and diluted - Rupees		4.21	9.92	18.78	35.86

The annexed notes 1-17 form an integral part of these condensed interim financial statements.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive



Mr. Ahmad Umair Wajid
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

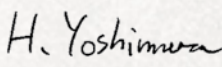
FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	October - December		April - December	
	2018	2017	2018	2017
Profit for the period	601,595	1,416,733	2,682,383	5,120,771
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	601,595	1,416,733	2,682,383	5,120,771

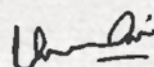
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Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



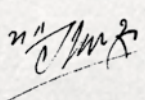
Mr. Ahmad Umair Wajid
Chief Financial Officer

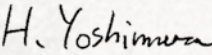
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

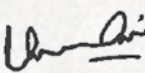
FOR THE NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	Share capital	Capital Reserve Share premium	Revenue Reserves		Total
			General reserve	Un-appropriated profit	
Balance as on April 01, 2018 (audited)	1,428,000	76,000	9,630,000	5,939,492	17,073,492
Transfer to general reserve	-	-	2,600,000	(2,600,000)	-
Profit for the period	-	-	-	2,682,383	2,682,383
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,682,383	2,682,383
Transactions with owners					
Final dividend for the year ended March 31, 2018 @ Rs 22.75 per share	-	-	-	(3,248,700)	(3,248,700)
Balance as on December 31, 2018 (un-audited)	1,428,000	76,000	12,230,000	2,773,175	16,507,175
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	-	-	-	5,120,771	5,120,771
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,120,771	5,120,771
Transactions with owners					
Final dividend for the year ended March 31, 2017 @ Rs 13.00 per share	-	-	-	(1,856,400)	(1,856,400)
Additional dividend for the year ended March 31, 2017 @ Rs 4.18 per share	-	-	-	(596,904)	(596,904)
	-	-	-	(2,453,304)	(2,453,304)
Balance as on December 31, 2017 (un-audited)	1,428,000	76,000	9,630,000	4,598,314	15,732,314

The annexed notes 1-17 form an integral part of these condensed interim financial statements.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

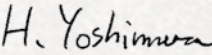
CONDENSED INTERIM STATEMENT OF CASH FLOWS

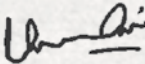
FOR THE NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	Note	April - December	
		2018	2017
Cash flows from operating activities			
Cash (used in) /generated from operations	12	(15,120,095)	3,844,116
Finance cost paid		(137)	(99)
Employees’ retirement benefits and other obligations paid		(66,819)	(52,977)
Net increase in loans to employees		(49,780)	(123,666)
Increase in long term trade debts		(52,684)	-
Income tax paid		(2,289,247)	(2,786,108)
Royalty paid		(1,486,060)	(1,600,886)
Increase in deferred revenue		3,836	3,962
Net cash used in operating activities		(19,060,986)	(715,658)
Cash flows from investing activities			
Purchase of property, plant and equipment		(575,363)	(744,515)
Purchase of intangible assets		-	(17,255)
Proceeds from sale of property, plant and equipment		39,303	21,589
Short term investments made		-	(1,330,454)
Realized gain on short term investments		117,330	240,606
Proceeds from disposal of short term investments		6,412,071	-
Interest received		197,696	400,741
Net cash generated from/ (used in) investing activities		6,191,037	(1,429,288)
Cash flows from financing activities			
Dividend paid		(3,221,403)	(2,444,784)
Net cash used in financing activities		(3,221,403)	(2,444,784)
Net decrease in cash and cash equivalents		(16,091,352)	(4,589,730)
Cash and cash equivalents at the beginning of the period		24,172,643	25,412,597
Cash and cash equivalents at the end of the period	13	8,081,291	20,822,867

The annexed notes 1-17 form an integral part of these condensed interim financial statements.


Yusuf H. Shirazi
Chairman


Hironobu Yoshimura
Chief Executive


Mr. Ahmad Umair Wajid
Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (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

These condensed interim financial statements have been prepared in accordance with the 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:

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies adopted in 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, 2018.

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, 2018, 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 this condensed interim financial information.

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, 2019, 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 recognized based on management's best estimate of weighted average annual income tax rate for the full financial year.

- 5.** The preparation of interim financial information requires management to make judgments, 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 these condensed interim financial statements, 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, 2018, 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, 2018, except for the following:

- (i) Bank guarantees of Rs 1,383.70 million (March 31, 2018: Rs 888.76 million) have been issued in favour of third parties.

6.2 Commitments in respect of

- (i) Letters of credit and purchases for capital expenditure amounts to Rs 139.89 million (March 2018: Rs 13.74 million).
- (ii) Letters of credit and purchases, other than capital expenditure, amounts to Rs 324.31 million (March 2018: Rs 2,786.56 million).

Rupees in thousand	Note	Un-audited December 31, 2018	Audited March 31, 2018
7. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		4,991,899	4,402,000
Additions during the period / year	7.1	396,355	1,366,181
		5,388,254	5,768,181
Disposal during the period / year (book value)		(30,923)	(42,412)
Depreciation charged during the period / year		(650,108)	(733,870)
		(681,031)	(776,282)
Closing book value		4,707,223	4,991,899
7.1 Additions during the period/year:			
- Building on freehold land		50,702	228,726
- Plant and machinery		190,636	809,494
- Furniture and office equipment		53,890	38,613
- Vehicles		57,133	198,500
- Tools and equipment		22,852	35,253
- Computers		21,142	55,595
		396,355	1,366,181

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

8. This includes a receivable of Rs 47.57 million (March 31, 2018: Nil) from Atlas Insurance Limited (a related party on the basis of common directorship and here-in-after referred to as the 'Insurer') in respect of insurance claim for certain assets damaged in a fire incident in June 2018 at the Company's manufacturing facility. The fire damaged certain items of property, plant and equipment and stock-in-trade with an aggregate carrying amount of Rs 172.57 million. The Company filed an insurance claim in respect of these assets and the Insurer appointed a Surveyor which is expected to finalise its survey report during the current year. The Company has received a provisional amount of Rs 125 million from the Insurer in this respect. Any incremental insurance claim resulting from the Surveyor's report will be recognised accordingly.

Rupees in thousand	October - December		April - December	
	2018	2017	2018	2017
9. SALES				
Own manufactured goods	24,717,159	25,687,592	83,081,410	77,631,076
Sales tax	(3,590,954)	(3,731,599)	(12,071,430)	(11,278,845)
Commission to dealers	(450,364)	(449,224)	(1,439,291)	(1,363,794)
Discount to customers	(108,491)	(272,055)	(579,009)	(876,353)
	20,567,350	21,234,714	68,991,680	64,112,084
Trading goods	805,705	625,588	2,179,005	1,816,515
Sales tax	(79,970)	(61,984)	(205,729)	(180,771)
Commission to dealers	(310)	(536)	(578)	(1,749)
	725,425	563,068	1,972,698	1,633,995
	21,292,775	21,797,782	70,964,378	65,746,079
10. COST OF SALES				
Own manufactured goods	19,198,886	19,147,487	64,261,422	56,683,260
Trading goods	464,924	371,390	1,282,222	1,075,980
	19,663,810	19,518,877	65,543,644	57,759,240

Rupees in thousand		April - December	
		2018	2017
11. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Holding company	Purchase of goods	6,495,277	4,660,038
	Purchase of property, plant and equipment	-	1,485
	Purchase of intangible assets	-	1,698
	Technical assistance fee	19,262	32,617
	Royalty	1,380,035	1,288,254
	Dividend paid	1,656,837	1,251,185
ii. Associated undertakings	Sale of goods	133,599	114,654
	Purchase of goods	32,351,152	27,041,910
	Sale of property, plant and equipment	3,002	-
	Purchase of property, plant and equipment	8,078	231,595
	Insurance premium	409,887	502,048
	Technical assistance fee	17,044	15,918
	Royalty	2,820	2,199
	Insurance claims	250,359	66,567
iii. Key management personnel	Dividend paid	1,000,287	740,796
	Salary and other employee benefits	152,980	164,160
iv. Post employment benefit plans	Contribution towards employees' post benefit plan	80,882	64,297
		Un-audited December 31, 2018	Audited March 31, 2018
Rupees in thousand			
Related party balances at period / year end are as follows:			
Receivable from related parties		69,441	231,923
Payable to related parties		3,077,477	5,005,192

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

Rupees in thousand	Note	April - December	
		2018	2017
12. CASH FLOWS FROM OPERATIONS			
Profit before taxation		4,113,804	7,619,706
Adjustment for:			
– Depreciation on property, plant and equipment		650,108	523,004
– Profit on disposal of property, plant and equipment		(8,381)	(1,087)
– Deferred revenue		(2,934)	(3,695)
– Liabilities no longer payable written back		(696)	(12,460)
– Profit on bank deposits, loans to employees and advances to suppliers		(158,781)	(387,354)
– Gain on short term investments		(277,065)	(247,461)
– Finance cost		89	893
– Provision for employees retirement benefits and other obligations		99,513	75,648
– Amortization on intangible assets		70,166	67,107
– Royalty		1,396,556	1,304,682
– Working capital changes	12.1	(21,002,474)	(5,094,867)
		(15,120,095)	3,844,116
12.1 Working capital changes			
(Increase) / decrease in current assets			
– Stores and spares		(9,064)	(12,210)
– Stock-in-trade		3,650,404	(723,506)
– Trade debts		(226,468)	(415,884)
– Loans, advances, prepayments and other receivables		2,660,443	(2,867,808)
Decrease in current liabilities			
– Trade and other payables		(19,776,981)	(1,075,459)
		(21,002,474)	(5,094,867)

Rupees in thousand		December 31, 2018	December 31, 2017
13. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim cash flow statement comprise of the following balance sheet amounts:			
Short term investments		3,983,995	13,360,490
Cash and bank balances		4,097,296	7,462,377
		8,081,291	20,822,867

Rupees in thousand	Manufacturing				Trading				Total			
	October - December		April - December		October - December		April - December		October - December		April - December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
14. SEGMENT INFORMATION												
Segment revenue	20,567,350	21,234,714	68,991,680	64,112,084			1,972,698	1,633,995	21,292,775	21,797,782	70,964,378	65,746,079
Segment expenses												
- Cost of sales	(19,198,886)	(19,147,487)	(64,261,422)	(56,683,260)	(464,924)	(371,390)	(1,282,222)	(1,075,980)	(19,663,810)	(19,518,877)	(65,563,644)	(57,759,240)
Gross profit	1,368,464	2,087,227	4,730,258	7,428,824	260,501	191,678	690,476	558,015	1,628,965	2,278,905	5,420,734	7,986,839
Distribution and marketing costs												
Administrative expenses									(291,574)	(157,193)	(647,911)	(498,630)
Other operating income									(171,496)	(150,415)	(553,328)	(446,776)
Other operating expenses									232,073	460,426	1,041,502	1,414,082
									(528,280)	(316,481)	(1,138,943)	(826,400)
Profit from operations									869,688	2,115,242	4,122,054	7,629,115
Finance cost									(1,883)	(2,932)	(8,250)	(9,409)
Profit before taxation									867,805	2,112,310	4,113,804	7,619,706
Taxation									(266,210)	(695,577)	(1,431,421)	(2,498,935)
Profit after taxation									601,595	1,416,733	2,682,383	5,120,771

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER & NINE MONTHS ENDED DECEMBER 31, 2018 (UN-AUDITED)

15. FINANCIAL RISK MANAGEMENT

15.1 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 statements 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, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended March 31, 2018.

15.2 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 31 December 2018.

Un-audited December 31, 2018				
Rupees in thousand	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Short term investments	1,242,921	3,983,995	-	5,226,916
Total Assets	1,242,921	3,983,995	-	5,226,916
Total Liabilities	-	-	-	-

Audited March 31, 2018				
Rupees in thousand	Level 1	Level 2	Level 3	Total
At fair value through profit or loss				
Short term investments	7,495,257	13,179,643	-	20,674,900
Total Assets	7,495,257	13,179,643	-	20,674,900
Total Liabilities	-	-	-	-

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.

16. DATE OF AUTHORIZATION FOR ISSUE

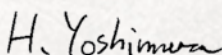
This condensed interim financial information was authorized for issue on January 24, 2019 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

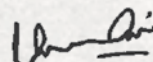
In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.



Yusuf H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Mr. Ahmad Umair Wajid
Chief Financial Officer

معیار کو برقرار رکھنے اور کسٹمرز کو بعد از فروخت بہترین خدمات مہیا کرنے پر توجہ مرکوز رکھے گی۔

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے کہ بتا تیری رضا کیا ہے

سائنسی نکات

میں، کمپنی کی عملی سرگرمیوں کے لیے، ہنڈا موٹر کمپنی، جاپان اور اٹلس گروپ کا ان کی مسلسل رہنمائی اور تعاون پر شکریہ ادا کرتا ہوں۔ میں اپنے انتہائی معزز کسٹمرز، مینکروز، وینڈرز، ڈیلرز اور شیئر ہولڈرز کا بھی کمپنی پر ان کے اعتماد اور یقین پر شکریہ ادا کرتا ہوں۔ جناب ہیرنوبو یوشی مورا اور ان کی ٹیم مشکل حالات کے باوجود کمپنی کی ترقی کے سفر کو برقرار رکھنے پر اپنے خلوص، محنت اور جانفشانی پر خراج تحسین کے حقدار ہیں۔



یوسف علی شیرازی

چیئر مین

کراچی: 24 جنوری، 2019

ہے۔ یہ اقدامات اور اس کے علاوہ وفاقی ترقیاتی اخراجات میں کمی کے باعث مالی خسارے پر قابو پانے کا امکان ہے، اگرچہ آگے چل کر ان کے ترقی اور افراط زر پر منفی اثرات مرتب ہوں گے۔ صنعتی شعبہ صارفین کی طلب میں متوقع کمی کے باعث سست روی کا شکار ہو سکتا ہے۔ تعمیرات سے منسلک اور صارفین کے لیے پائیدار اشیاء کی صنعتیں پیداوار میں سست رفتار ترقی کا سامنا کر سکتی ہیں۔ اول الذکر کا ترقی کے اخراجات میں کمی سے متاثر ہونے کا امکان ہے، جبکہ مؤخر الذکر پر شرح مبادلہ میں کمی اور بلند تر قرضہ جاتی لاگت کے باعث بڑھتی ہوئی ملکی قیمتوں کا اثر پڑ سکتا ہے۔

گنے کی فصل کے قابل کاشت علاقے میں کمی، خریف کی فصلیں ہونے کے وقت پانی کی کمیابی اور کھاد کی مکمل خریداری کے کمزور رجحانات ظاہر کرتے ہیں کہ زرعی شعبہ کمتر درجے کی کارکردگی کا مظاہرہ کر سکتا ہے۔ حالیہ بارشیں اور پانی کی بہتر دستیابی، اور اس کے ساتھ ساتھ چاول اور کپاس کی فصلوں کے قابل کاشت علاقے میں اضافے جیسے عوامل زرعی شعبے کو کسی حد تک مدد فراہم کر سکتے ہیں۔

آٹو موہاگل کی صنعت بھی شرح مبادلہ میں کمی اور اس کے ساتھ ساتھ نادر ہندوگان پر نئی کاروں کی خریداری پر پابندی کے بعد آزمائشی دور سے گزر رہی ہے۔ آنے والی سہ ماہیوں میں صارفین کی طلب میں کمی، صنعتی پیداوار پر منفی اثرات مرتب کرے گی۔

معاشی بحالی کے لیے کیے جانے والے حالیہ اقدامات کے باعث کاروباری فضا دقت طلب ہو گئی ہے۔ بہر حال، کمپنی، چیلنجز کی حامل کاروباری فضا میں ثابت قدمی کا مظاہرہ کرے گی اور اپنی مصنوعات کے

کھنی کی عملی سرگرمیاں

پاکستانی روپے کی قدر میں 20.1 فیصد کی کمی تھی۔ تاہم، روپے کی قدر میں کمی کا تمام تر منفی اثر کسٹمرز کو منتقل نہیں کیا گیا، نتیجتاً پیداواری لاگت میں اضافے کے باعث مجموعی منافع (جی پی) اور حتمی منافع جات میں کمی ہوئی۔ چنانچہ مجموعی منافع گزشتہ سال کی اسی مدت کے دوران 7.987 بلین روپے کے مقابلے میں 5.421 بلین روپے رہا۔ سیلز اور عمومی انتظامی (ایس جی اے) اخراجات 1.201 بلین روپے رہے جو کہ گزشتہ سال کی اسی مدت میں 0.945 بلین روپے تھے۔ دیگر آمدنی کم ہو کر 1.042 بلین روپے ہو گئی جو کہ دسمبر 2017 کے اختتام پر 1.414 بلین روپے تھی، اس کی وجہ کیش فلو کی ضروریات کو پورا کرنے کے لیے میعاد ڈپازٹس اور قلیل المیعاد سرمایہ کاریوں کی رعنا تریزیشن تھی۔ مالیاتی اور دیگر چارجز 1.147 بلین روپے رہے جو کہ گزشتہ سال کی اسی مدت کے دوران 0.835 بلین روپے تھے۔ قبل از ٹیکس منافع 7.620 بلین روپے کے مقابلے میں 4.114 بلین روپے، اور ٹیکس کی درکار ادائیگیوں کے بعد، بعد از ٹیکس منافع 5.121 بلین روپے کے مقابلے میں 2.682 بلین روپے رہا۔

31 دسمبر، 2018 کے اختتام پر نو ماہ کی فی حصص آمدنی (ای پی ایس) 18.78 روپے رہی اور ایکوٹی پر منافع 15.71 فیصد رہا جو کہ 31 دسمبر، 2017 کے اختتام پر بالترتیب 35.86 روپے اور 39.20 فیصد تھا۔

مستقبل کا پیش منظر

پالیسی کے حالیہ اقدامات، بشمول زری پالیسی میں سختی، شرح مبادلہ میں تخفیف اور اس کے ساتھ ساتھ درآمدی اور کسٹم ڈیوٹیوں میں کمی جانے والی تہذیبوں کے باعث مستقبل قریب میں ملکی طلب میں کمی کا امکان

زیر جائزہ مدت کے دوران، آپ کی کھنی نے 37,544 یونٹس تخلیق کیے جو کہ گزشتہ سال کے پہلے نو ماہ میں 36,057 کی تعداد میں تھے، گویا اس میں 4.12 فیصد کی بہتری آئی۔ گزشتہ سال کے 35,860 یونٹس کے مقابلے میں اس سال 36,771 یونٹس رہی۔

برائے اختتام سہ ماہی 2018، آٹوموبائل انڈسٹری کی پیداوار 57,085 رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 57,179 یونٹس تھی۔ سیلز، گزشتہ سال کی اسی سہ ماہی میں 56,726 یونٹس کے مقابلے میں 54,665 یونٹس رہی۔ گزشتہ دو سہ ماہیوں کی صنعتی پیداوار اور سیلز کے نتائج جولائی 2018 سے ایک ہی سطح پر رہے جس کی بڑی وجہ پاکستانی روپے کی قدر میں بار بار ہونے والی کمی اور 2018-19 کے بجٹ میں ہونے والی ترامیم تھیں۔ مقامی ماڈل کی قیمت میں مسلسل کمی اضافے کے باعث صارفین کی طلب میں کمی آئی اور نئے آرڈرز کی وصولیاں کم ہو گئیں۔ مجموعی طور پر، نو ماہ کی صنعتی سیلز برائے اختتام مدت دسمبر 2018 گزشتہ سال کے 158,599 یونٹس کے مقابلے میں اس سال 166,394 یونٹس رہی، گویا اس میں 4.9 فیصد کا معتدل اضافہ ہوا۔

کاروباری افعال

سیلز ریونیو برائے اختتام مدت 31 دسمبر، 2018 70.964 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 65.746 بلین روپے تھا۔ سیلز کی لاگت 13.5 فیصد سے بڑھ کر گزشتہ سال 57.759 بلین روپے کے مقابلے میں 65.544 بلین روپے ہو گئی۔ جس کی بڑی وجہ اپریل 2018 کے آغاز سے لے کر اب تک امریکی ڈالر کے مقابلے میں

چیرمین کا جائزہ

نرخ جاری رہے اور برآمدات میں دوہرے اعداد کی حامل بہتری آئی، تو کرنٹ اکاؤنٹ کے خسارے کو قابل انتظام سطح تک لایا جاسکتا ہے۔ مالی سال 2019 کے 5M میں برآمدات 9.12 بلین امریکی ڈالر پر برقرار رہیں جو کہ گزشتہ سال اسی مدت کے دوران 9.00 بلین امریکی ڈالر تھیں۔ درآمدات بھی اسی سطح پر 23.63 بلین امریکی ڈالر رہیں جو کہ گزشتہ سال 23.82 بلین امریکی ڈالر تھیں۔ برآمدات کی برقرار سطح اور درآمدات میں معمولی کمی کے باعث کرنٹ اکاؤنٹ کے خسارے میں کچھ بہتری نظر آئی جس کی بڑی وجہ غیر ملکی ترسیلات زر میں 12.56 فیصد کا اضافہ تھا۔ مجموعی طور پر، اس مدت میں 4.8 فیصد کا CAD گزشتہ سال ریکارڈ کردہ خسارے کے مقابلے میں 5 فیصد کی معمولی شرح کے ساتھ بہتر تھا۔ غیر ملکی زرمبادلہ کے ذخائر دسمبر 2018 کے اختتام تک 13.8 بلین امریکی ڈالر تھے۔

مجھے تیسری سہ ماہی کے اختتام پر آپ کی خدمت میں عبوری مالیاتی گوشوارے برائے 31 دسمبر، 2018 پیش کرتے ہوئے انتہائی خوشی محسوس ہو رہی ہے۔

معیشت

حکومت کی جانب سے اپنے مختلف اتحادیوں سے مالی معاونت کی یقین دہانیوں کے بعد معاشی غیر یقینی کے بادل چھٹتے ہوئے نظر آ رہے ہیں۔ اس کی بدولت مالیاتی استحکام کے لیے فوری ضرورت اور بڑھتی ہوئی غیر ملکی قرض کی ادائیگیوں کا دباؤ کم کرنے میں مدد ملے گی۔ تیل کی مد میں مؤخر شدہ ادائیگیوں کی سہولیات؛ بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے اور زوال پذیر فوریکس ذخائر سے بھی دباؤ کم کرنے میں مددگار ثابت ہوں گی۔

موجودہ مالیاتی صورتحال کا پاکستانی روپے پر دباؤ جاری ہے جس کی قدر میں نومبر 2018 میں مزید کمی آگئی اور 1 امریکی ڈالر کے مقابلے میں اس کی مالیت 138.86 روپے ہو گئی۔ پاکستانی روپے کی ڈگمگاتی ہوئی قدر کا خسارہ اس مالی سال کے آغاز سے لے کر اب تک 20.1 فیصد اور دسمبر 2017 سے اب تک 31.65 فیصد سے بڑھ چکا ہے!

مسلح بڑھتا ہوا افراط زر؛ کرنسی کی قدر میں کمی کے اساسی اثر اور اس کی درنگی کے دورانیے کے باعث مالی سال 2019 کی دوسری ششماہی میں ممکنہ طور پر مزید بڑھے گا۔ اسٹیٹ بینک نے افراط زر کے دباؤ کو روکنے کے لیے اپنی زری پالیسی کو مزید سخت بنانے کا آغاز کر دیا ہے اور اس کے بعد سودی شرح میں 150 بنیادی پوائنٹس سے مزید اضافہ ہوا جو کہ گزشتہ پانچ سالوں میں 10 فیصد کی بلند ترین سطح پر پہنچ چکا ہے۔

مالی سال 2019 کی پہلی ششماہی کے دوران ٹیکس کی مد میں وصول شدہ آمدنی 3.3 فیصد کے اضافے کے ساتھ 1,779 بلین روپے ہو گئی، جو کہ مالی سال 2018 کی اسی مدت کے دوران 1,722 بلین روپے تھی۔ تاہم، یہ مقرر کردہ ہدف سے 8.7 فیصد کم رہی۔

کرنٹ اکاؤنٹ کا خسارہ (CAD) نومبر 2018 تک 6.1 بلین امریکی ڈالر تھا، جو گزشتہ سال میں معمولی بہتر ہوا۔ تاہم، اسے اب بھی ایک مستحکم سطح حاصل کرنے کی ضرورت ہے۔ اگر خام تیل کے حالیہ پست

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