

**HONDA**  
The Power of Dreams

**FIRST QUARTER REPORT JUNE 2019**  
Honda Atlas Cars (Pakistan) Limited



**FIRST TIME IN PAKISTAN**

**CIVIC RS**  
**TURBO**

**UNLEASH THE POWER**





## About the Cover

The title portrays the new release of Honda Civic RS Turbo, launched for the first time in Pakistan with improved and cutting edge features. Larger than life car visual is so appealing that it makes you go for the drive.

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# Company Information

## Board of Directors

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

## Company Secretary

Mr. Maqsood-ur-Rehman Rehmani

## Chief Financial Officer

Mr. Ahmad Umair Wajid

## Audit Committee

Mr. Feroz Rizvi	Chairman
Mr. Amir H. Shirazi	Member
Mr. Akira Muryama	Member
Ms. Mashmooma Zehra Majeed	Member
Mr. Kazunori Shibayama	Member

## Human Resource And Remuneration Committee

Ms. Mashmooma Zehra Majeed	Chairperson
Mr. Amir H. Shirazi	Member
Mr. Hironobu Yoshimura	Member
Mr. Kenichi Matsuo	Member
Mr. Akira Murayam	Member

## Executive Committee

Mr. Hironobu Yoshimura  
Mr. Kenichi Matsuo  
Mr. Maqsood-ur-Rehman Rehmani

## Head Of Internal Audit

Mr. Hamood-ur-Rehman

## 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  
United Bank Limited

## Auditors

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

## Legal Advisor

Cornelius, Lane & Mufti  
Bukhari Aziz & Karim

## Registered Office

1-Mcload Road, Lahore, Pakistan.  
Tel: +92 42 37 225015-17  
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  
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### KARACHI

C 16, KDA Scheme No. 1,  
Karsaz Road.  
Tel: +92 21 34305411-3  
Fax: +92 21 34305414



## Chairman's Review

I am pleased to present the unaudited condensed interim financial statements of the Company for the quarter ended June 30, 2019.

### THE ECONOMY

Pakistan's macroeconomic fundamentals showed some improvement after a turbulent 2019 as the impact of stabilization measures on monetary and fiscal consolidation have started to unfold. However, despite encouraging signs, there are still some significant areas which would need careful attention going forward.

According to State Bank of Pakistan (SBP), the current account deficit recorded a sizeable contraction of 21% as it stood at USD 12.7 billion during July-May FY19 from USD 17.9 billion in the comparative period last year. Although exports remained lower during FY 19, the improvement in the current account has largely come about due to lower imports from USD 41 billion in the previous year to USD 39 billion in the current year, a reduction of 4.9% in dollar terms. Remittances from overseas workers posted a healthy increase of 21% to USD 20 billion, compared to USD 16.7 billion in the same period last year. Nonetheless, despite narrowing, the current account deficit remains high, fiscal consolidation is slower than anticipated, and core inflation continues to rise.

The outgoing fiscal year 2018-19 witnessed a muted growth of 3.29% against the ambitious target of 6.2%. The target was based upon sectoral growth projections for agriculture, industry, and services at 3.8%, 7.6% and 6.5% respectively. The actual sectoral growth turned out to be 0.85% for agriculture, 1.4% for industry and 4.7% for services. Some of the major crops like cotton, rice and sugarcane recorded negative growth, whereas marginal growth was observed in crops like wheat and maize. The large-scale manufacturing sector also registered a decline of 2.9% mainly due to lower expenditure on Public Sector Development Program, subdued private sector construction activities and lower consumer

spending. The service sector, however, have registered an overall growth of 4.7% on the back of growth in trade, transport, storage and communication sectors.

Keeping in view the strategic importance of agriculture sector, govt took tangible steps by announcing agriculture package of PKR 309 billion. The package rightly puts its emphasis on improving crop yields, livestock development and import substitution via domestic product development. Proper execution of the reform package would have wide ranging long term implications for the economy.

PKR continued with its declining trend against USD. The State Bank of Pakistan raised the benchmark interest rate by a hefty 150 basis points to eight years high of 12.25 % in an attempt to put a floor under the tumbling currency and tame the runaway inflation to stabilize the derailed economy. Other fundamental policy decisions involve: increase in energy tariffs to stop further accumulation of circular debt, reduction in imports through regulatory duties and withdrawal of tax relaxations given in the current federal budget in order to arrest the deterioration in primary balance.

### AUTOMOBILE INDUSTRY

The industry has been going through its most difficult phase due to economic restructuring and multi facet challenges like continuous devaluation of PKR against USD, imposition of FED ranging from 2.5% to 7.5% on different models, and levy of 5% additional customs duty on imported parts. Such measures would further hurt the auto sector, which is already battling with increased inflation, substantial hike in car prices and reduced purchasing power of customers. The negative impact has already translated in terms of slowdown in new car booking.

The industry production for the quarter was 40,917 units against 53,811 units in the same period of last year. The sales were also down to 49,317 units against 58,606 units in the June quarter of 2018.

## Chairman's Review

Accordingly, the company produced 9,320 units against 12,830 units and sold 8,356 units as compared with 12,483 units in first quarter of last financial year.

### FINANCIAL RESULTS

Challenging economic environment and frequent price adjustments in response to PKR depreciation resulted in depressed sales and profitability. The sales revenue stood at PKR 17,879.7 million during the first quarter of FY 2019, as compared to PKR 23,854.3 million in the corresponding period last year. Increased cost of goods sold eroded gross profit to PKR 1,350.1 million from PKR 2,143.7 million, a year ago. The selling and administrative expenses were PKR 374.7 million against PKR 357.4 million. Reduced car bookings also declined other income to PKR 175.0 million against PKR 449.2 million, and racked up financial and other charges to PKR 794.2 million against PKR 351.5 million. The profit before tax was declined to PKR 356.2 million against PKR 1,884.0 million. After tax provisions, the net profit for the quarter ended June 2019 was PKR 241.7 million against PKR 1,050.5 million of last year.

The earning per share was PKR 1.69 against PKR 7.36 in first quarter of last year.

### FUTURE OUTLOOK

The new fiscal year will be full of challenges. Govt set an ambitious tax collection target of PKR 5.5 trillion. However, the foremost challenge to the economy is the rising aggregate demand without, corresponding resources to support it, leading to rising fiscal and external account deficits.

The Executive Board of the IMF finally accorded the much-awaited approval of a 39-month extended program under the Extended Fund Facility (EFF) for Pakistan for an amount of USD 6 billion. The Asian development bank also planned to support Pakistan with indicative lending of up to \$10bn for various development projects and programs during the next

five years. The arrival of inflows from the IMF and other friendly countries along with the Saudi deferred oil payment facilities will help strengthen the depleting foreign exchange reserves of the country and ease pressure on external account. With the developments taking place on external front, it is expected pressure on the foreign exchange reserves will be relieved and volatility in the forex market will be eased out. The economic stability would act as a catalyst to restore investors' confidence.

In the current situation, the customer retention and providing quality after sales service will be core for our business concentration. The company will continue working to upgrade product lineup with innovative, exciting and latest product features.

خدا رحمت کند ایں عاشقانِ پاک طینت را

### ACKNOWLEDGEMENT

I would like to thank Honda Motor and Atlas Group for their continued support, and Mr. Hironobu Yoshimura and his team for their hard work in the demanding business environment. I also thank customer, dealers, bankers, vendors and shareholders for their support and trust in the company.



**YUSUF H. SHIRAZI**

Chairman

Date: July 23, 2019  
Karachi


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2019 (UN-AUDITED)**

<b>Rupees in thousand</b>	<b>Note</b>	<b>Un-audited June 30, 2019</b>	<b>Audited March 31, 2019</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 200,000,000 (March 31, 2019 : 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, 2019 : 142,800,000) ordinary shares of Rs. 10 each		1,428,000	1,428,000
Reserves		14,306,000	12,306,000
Revenue Reserve: Un-appropriated profit		399,348	3,892,652
		16,133,348	17,626,652
<b>NON-CURRENT LIABILITIES</b>			
Employee retirement benefits		182,031	164,766
Deferred taxation		119,063	288,058
Deferred revenue		11,793	11,829
		312,887	464,653
<b>CURRENT LIABILITIES</b>			
Current portion of deferred revenue		5,577	5,232
Accrued mark up		-	17
Unclaimed dividend		42,962	46,663
Unpaid dividend		1,127,747	-
Trade and other payables		15,589,790	13,957,974
		16,766,076	14,009,886
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
		33,212,311	32,101,191
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	4,824,574	4,905,667
Intangible assets		262,318	215,951
Capital work-in-progress		307,534	123,487
Long term trade debts		168,666	208,959
Long term loans		342,671	346,959
Long term deposits		4,042	4,042
		5,909,805	5,805,065
<b>CURRENT ASSETS</b>			
Stores and spares		167,369	169,004
Stock-in-trade		13,435,120	8,670,614
Trade debts		708,754	1,122,986
Loans, advances, prepayments and other receivables		10,268,819	10,173,428
Short term investments		1,476,745	4,768,252
Cash and bank balances		1,245,699	1,391,842
		27,302,506	26,296,126
		33,212,311	32,101,191

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

  
**Yusuf H. Shirazi**  
 Chairman

  
**Hironobu Yoshimura**  
 Chief Executive

  
**Ahmad Umair Wajid**  
 Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

Rupees in thousand	Note	April - June	
		2019	2018
Sales	8	17,879,689	23,854,280
Cost of sales	9	(16,529,560)	(21,710,566)
<b>Gross profit</b>		1,350,129	2,143,714
Distribution and marketing costs		(177,891)	(190,871)
Administrative expenses		(196,787)	(166,492)
Other income		174,992	449,168
Other expenses		(739,808)	(347,099)
Finance cost		(54,441)	(4,399)
<b>Profit before taxation</b>		356,194	1,884,021
Taxation		(114,478)	(833,551)
<b>Profit for the period</b>		241,716	1,050,470
Earnings per share - basic and diluted (in Rupees)		1.69	7.36

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

  
 Yusuf H. Shirazi  
 Chairman

  
 Hironobu Yoshimura  
 Chief Executive

  
 Ahmad Umair Wajid  
 Chief Financial Officer



## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

Rupees in thousand	April - June	
	2019	2018
Profit for the period	241,716	1,050,470
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss	-	-
<b>Total comprehensive income for the period</b>	<b>241,716</b>	<b>1,050,470</b>

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



Yusuf H. Shirazi  
Chairman



Hironobu Yoshimura  
Chief Executive



Ahmad Umair Wajid  
Chief Financial Officer


## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total
		Share premium	General reserves	Un-appropriated profit	
<b>Balance as on April 01, 2019 (audited)</b>	1,428,000	76,000	12,230,000	3,892,652	17,626,652
<b>Appropriation of reserves</b>					
Transfer to general reserve	-	-	2,000,000	(2,000,000)	-
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	241,716	241,716
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	241,716	241,716
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>					
Cash dividend for the year ended March 31, 2019 @ Rs 12.15 per share	-	-	-	(1,735,020)	(1,735,020)
<b>Balance as on June 30, 2019 (Un-audited)</b>	1,428,000	76,000	14,230,000	399,348	16,133,348
<b>Balance as on April 01, 2018 (audited)</b>	1,428,000	76,000	9,630,000	5,939,492	17,073,492
<b>Appropriation of reserves</b>					
Transfer to general reserve	-	-	2,600,000	(2,600,000)	-
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	1,050,470	1,050,470
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	1,050,470	1,050,470
<b>Transactions with owners in their capacity as owners recognised directly in equity</b>					
Cash dividend for the year ended March 31, 2018 @ Rs 22.75 per share	-	-	-	(3,248,700)	(3,248,700)
<b>Balance as on June 30, 2018 (Un-audited)</b>	1,428,000	76,000	12,230,000	1,141,262	14,875,262

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

  
Yusuf H. Shirazi  
Chairman

  
Hironobu Yoshimura  
Chief Executive

  
Ahmad Umair Wajid  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

### FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

Rupees in thousand	Note	April - June	
		2019	2018
<b>Cash flows from operating activities</b>			
Cash used in operations	11	(1,599,686)	(2,580,465)
Finance cost paid		(17)	(69)
Employees' retirement benefits and other obligations paid		(586)	(1,018)
Net decrease / (increase) in loans to employees		2,212	(28,997)
Income tax paid		(447,536)	(501,026)
Royalty paid		(476,080)	(506,183)
Increase in deferred revenue		1,524	1,450
<b>Net cash outflow from operating activities</b>		<b>(2,520,169)</b>	<b>(3,616,308)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(328,608)	(139,088)
Purchase of intangible assets		(77,517)	-
Proceeds from sale of property, plant and equipment		28,293	20,250
Proceeds from disposal of short term investments		568,926	-
Interest received		67,296	138,724
<b>Net cash inflow from investing activities</b>		<b>258,390</b>	<b>19,886</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(610,974)	(1,000,673)
<b>Net cash outflow from financing activities</b>		<b>(610,974)</b>	<b>(1,000,673)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,872,753)</b>	<b>(4,597,095)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,595,197</b>	<b>24,172,643</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>2,722,444</b>	<b>19,575,548</b>

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



Yusuf H. Shirazi  
Chairman



Hironobu Yoshimura  
Chief Executive



Ahmad Umair Wajid  
Chief Financial Officer

## SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public company limited by shares incorporated in Pakistan on November 4, 1992 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017). It is a subsidiary of Honda Motor Co., Ltd., Japan, (the 'holding company'). 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. The Company also has regional offices situated at Asia House, 19-C&D, Block L, Gulberg III, Main Ferozepur Road, Lahore and C16, KDA Scheme No. 1, Karsaz Road, Karachi.

The Company's 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

### 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation 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, 2019.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning from April 01, 2019 but are not considered 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 the weighted average annual income tax rate expected 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.

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

There is no significant change in contingencies from the preceding annual published statement of the Company for the year ended March 31, 2019; except letter of guarantees amounting to Rs 1,603.45 million (March 2019: Rs 1500.05 million)

#### 6.2 Commitments in respect of

- (i) Letters of credit and purchases for capital expenditure amounts to Rs 5.01 million (March 2019: Rs 19.09 million)
- (ii) Letters of credit and purchases, other than capital expenditure, amounts to Rs 2,008.03 million (March 2019: Rs 385.95 million)

Rupees in thousand	Note	Unaudited June 30, 2019	Audited March 31, 2019
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening book value		4,905,667	4,991,899
Additions during the period/year	7.1	149,825	909,241
		5,055,492	5,901,140
Disposals during the period/year (book value)		(31,348)	(113,854)
Depreciation charged during the period/year		(199,570)	(881,619)
		(230,918)	(995,473)
		4,824,574	4,905,667
7.1 Following is the detail of additions during the period:			
- Building on freehold land		2,441	154,200
- Plant and machinery		52,983	414,723
- Furniture and office equipment		6,058	82,938
- Vehicles		75,072	203,191
- Tools and equipment		2,589	30,517
- Computers		10,682	23,672
		149,825	909,241

Rupees in thousand	Un-audited April - June 2019	2018
<b>8. SALES</b>		
Sales - own manufactured goods	21,265,351	27,993,196
Sales tax	(3,074,870)	(4,067,444)
Federal excise duty	(690,848)	-
Commission to dealers	(353,355)	(473,278)
Discount to customers	(6,099)	(207,670)
	17,140,179	23,244,804
Sales - Trading goods	814,414	667,825
Sales tax	(74,689)	(58,265)
Commission to dealers	(215)	(84)
	739,510	609,476
	17,879,689	23,854,280

Rupees in thousand	April - June 2019	2018
<b>9. COST OF SALES</b>		
Manufacturing	16,033,838	21,310,134
Trading	495,722	400,432
	16,529,560	21,710,566



**SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)**

Rupees in thousand		April - June	
		2019	2018
<b>10. TRANSACTIONS WITH RELATED PARTIES</b>			
i. Holding & associated companies	Sale of goods	67,138	51,272
	Purchase of goods	12,515,450	14,381,152
	Purchase of property, plant and equipment	232,701	2,415
	Sale of property, plant and equipment	14,766	-
	Purchase of intangible assets	70,759	-
	Insurance premium	155,359	187,284
	Insurance claim	8,280	26,583
	Technical assistance and training charges	21,055	5,770
	Royalty	346,802	465,663
	Recovery booked against warranty claims	317,147	19,062
	Dividend	1,408,764	2,657,146
ii. Post employment benefit plans	Contribution towards employees' post retirement funds	34,776	26,595
iii. Key management personnel	Remuneration to key management personnel	51,386	45,880

Rupees in thousand		Un-audited June 30, 2019	Audited March 31, 2019
Related party balances at period / year end as follows:			
Receivable from related parties		266,080	330,607
Payable to related parties		5,230,732	3,409,600

Rupees in thousand		Un-audited April - June	
		2019	2018
<b>11. CASH FROM OPERATIONS</b>			
Profit before taxation		356,194	1,884,021
Adjustment for:			
-Depreciation on property, plant and equipment		199,571	211,071
-Loss/(Profit) on disposal of property, plant and equipment		3,054	(4,216)
-Amortization of deferred revenue		(1,215)	(1,000)
-Liabilities no longer payable written back		(19,865)	(623)
-Profit on bank deposits		(74,505)	(89,025)
-Profit on loans to employees and advances to suppliers		(2,543)	(2,851)
-Gain on short term investments		(4,029)	(98,838)
-Initial loss on recognition of trade debts		49,794	-
-Finance cost		-	32
-Provision for employees retirement benefits and other obligations		47,288	40,346
-Amortization on intangible assets		25,885	23,389
-Royalty		348,597	470,581
-Working capital changes	11.1	(2,527,912)	(5,013,352)
		(1,599,686)	(2,580,465)

Rupees in thousand	April - June	
	2019	2018
<b>11.1 Working capital changes</b>		
(Increase)/Decrease in current assets		
-Stores and spares	1,635	(1,709)
-Stock-in-trade	(4,764,505)	(2,690,051)
-Trade debts	404,731	(794,776)
-Loans, advances, prepayments and other receivables	303,815	795,252
	(4,054,324)	(2,691,284)
Increase/(Decrease) in current liabilities		
-Trade and other payables	1,526,412	(2,322,068)
	(2,527,912)	(5,013,352)

Rupees in thousand	June 30,	June 30,
	2019	2018
<b>12 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following balance sheet amounts:		
Short term investments - Treasury Bills	1,476,745	14,691,721
Cash and bank balances	1,245,699	4,883,827
	2,722,444	19,575,548

Rupees in thousand	Manufacturing		Trading		Total	
	April - June		April - June		April - June	
	2019	2018	2019	2018	2019	2018
<b>13 SEGMENT INFORMATION</b>						
Segment revenue	17,140,179	23,244,804	739,510	609,476	17,879,689	23,854,280
Segment expenses						
- Cost of sale	(16,033,838)	(21,310,134)	(495,722)	(400,432)	16,529,560	(21,710,566)
Gross profit	1,106,341	1,934,670	243,788	209,044	1,350,129	2,143,714
Distribution and marketing costs					(177,891)	(190,871)
Administrative expenses					(196,787)	(166,492)
Other operating income					174,992	449,168
Other operating expenses					(739,808)	(347,099)
Finance cost					(54,441)	(4,399)
Profit before taxation					356,194	1,884,021
Taxation					(114,478)	(833,551)
Profit for the period					241,716	1,050,470

## 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.

## SELECTED NOTES TO AND FORMING PART OF CONDENSED INTERM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2019 (UN-AUDITED)

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, 2019.

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

### 14.2 Liquidity Risk

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

### 14.2 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:

Rupees in thousand	Un-audited June 30, 2019			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements At fair value through profit or loss</b>				
Short term investments	-	1,476,745	-	1,476,745
<b>Total Assets</b>	-	1,476,745	-	1,476,745
<b>Total Liabilities</b>	-	-	-	-

Rupees in thousand	Audited March 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>Recurring fair value measurements At fair value through profit or loss</b>				
Short term investments	564,897	4,203,355	-	4,768,252
<b>Total Assets</b>	564,897	4,203,355	-	4,768,252
<b>Total Liabilities</b>	-	-	-	-

**15. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on July 23, 2019 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, condensed interim statement of changes in equity, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.



**Yusuf H. Shirazi**  
Chairman



**Hironobu Yoshimura**  
Chief Executive



**Ahmad Umair Wajid**  
Chief Financial Officer

بعد از فروخت بہترین خدمات فراہم کرنے میں ہی ہمارے کاروبار کی کامیابی ہے۔ کمپنی جدت طرازی، نت نئی مصنوعات کی فراہمی کے ساتھ پروڈکٹ لائن میں بہتری لانے کے لیے مسلسل محنت کرتی رہے گی۔

خدا رحمت کند ایں عاشقانِ پاک طینت را

ستائشی کلمات

میں ہنڈا موٹر اور اٹلس گروپ کا اُن کی مسلسل سپورٹ اور جناب ہیرونوبو یوشی مورا اور اُن کی ٹیم کا مشکل حالات کے باوجود بہترین کارکردگی دکھانے پر شکریہ ادا کرتا ہوں۔ میں اپنے انتہائی معزز کسٹمرز، بینکرز، وینڈرز، ڈیلرز اور شیئر ہولڈرز کا بھی کمپنی پر ان کے اعتماد اور یقین پر شکریہ ادا کرتا ہوں۔



جناب یوسف ایچ شیرازی  
چیئر مین

کراچی: 23 جولائی 2019ء



معیشت کے لیے سب سے بڑی رکاوٹ نامناسب سپورٹ کے بغیر تیزی سے بڑھتی ہوئی طلب ہے جس کے نتیجے میں مالیاتی اور بیرونی اکاؤنٹ کے خسارے میں اضافہ ہو رہا ہے۔ آئی ایم ایف کے ایگزیکٹو بورڈ نے آخر کار پاکستان کے لیے توسیعی فنڈ کی سہولت (EEF) میں 39 ماہ کے توسیعی پروگرام کے تحت 6 بلین امریکی ڈالر کی خطیر رقم کی منظوری دے دی ہے۔ ایشیائی ترقیاتی بینک بھی آئندہ 5 سالہ مدت کے لیے پاکستان کو سپورٹ کرنے کی غرض سے 10 بلین ڈالر دینے کا منصوبہ رکھتا ہے جس کے ذریعے متعدد ترقیاتی پروجیکٹس انجام دیئے جائیں گے۔ آئی ایم ایف، دیگر دوست ممالک کی جانب سے رقوم کی ادائیگی اور سعودی عرب کی جانب سے تیل کی قیمت کی تاخیر سے ادائیگی کی سہولت جیسے اقدامات کے سبب پاکستان کو زرمبادلہ کے ذخائر میں مستحکم بنانے اور بیرونی اکاؤنٹ پر دباؤ کو کم کرنے میں معاونت ملے گی۔ بیرونی محاذ پر ترقیاتی اقدامات کی وجہ سے توقع ہے کہ زرمبادلہ کے ذخائر سے دباؤ کم ہوگا اور فاریکس مارکیٹ میں ہونے والے اتار چڑھاؤ کو متوازن کرنے میں مدد ملے گی۔ معاشی استحکام سرمایہ کاروں کا کھویا ہوا اعتماد واپس لانے میں اہم کردار ادا کرے گا۔

موجودہ صورتحال میں، کسٹمرز کو اپنے ساتھ برقرار رکھنا اور انہیں

رہا جو کہ گزشتہ سال اسی مدت کے دوران 23,854.3 ملین روپے تھا۔ اشیاء کی قیمتوں میں اضافے سے منافع پر برے اثرات مرتب ہوئے اور منافع گزشتہ سال کے 2,143.7 ملین روپے کے مقابلے میں 1,350.1 ملین روپے رہا۔ فروخت اور انتظامی اخراجات گزشتہ سال کے 357.4 ملین روپے کے مقابلے میں 374.7 ملین روپے رہے۔ کاروں کی بکنگ سے دیگر آمدنی جو کہ گزشتہ سال اسی مدت کے دوران 449.2 ملین روپے تھی، کم ہو کر 175.0 ملین روپے رہی، مالیاتی اور دیگر اخراجات گزشتہ سال کے 351.5 ملین روپے کے مقابلے میں 794.2 ملین روپے رہے۔ قبل از ٹیکس منافع 1884.0 ملین روپے کے مقابلے میں کمی کے ساتھ 356.2 ملین روپے رہا۔ ٹیکس تصرفات کے بعد، مالی سال 2019 کی جون میں ختم ہونے والی سہ ماہی کے اختتام تک خالص منافع 241.7 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 1,050.5 ملین روپے تھا۔

آمدنی فی حصص 1.69 روپے رہی جو کہ گزشتہ سال کی پہلی سہ ماہی کے دوران 7.36 روپے تھی۔

### مستقبل کے خدو خال

نیامالی سال بہت سے نئے چیلنجز ساتھ لائے گا۔ حکومت نے 5.5 ٹریلین روپے ٹیکس وصولی کا ہدف مقرر کیا ہے۔ تاہم،

مختلف ماڈلز پر 2.5 فیصد سے 7.5 فیصد FED کا نفاذ اور درآمدی حصوں پر 5 فیصد اضافی کسٹم ڈیوٹی شامل ہے۔ اس قسم کے اقدامات آٹو سیکٹر کو مزید نقصان پہنچا سکتے ہیں، جو کہ پہلے ہی بڑھتی ہوئی افراط زر، گاڑیوں کی قیمتوں میں خطرناک اضافے اور صارفین کی قوت خرید میں کمی جیسے مسائل کے ساتھ لڑ رہا ہے۔ جبکہ نئی گاڑیوں کی بکنگ میں کمی کی صورت میں پہلے ہی منفی اثرات ظاہر ہو چکے ہیں۔

اس سہ ماہی میں انڈسٹری کی پیداوار گزشتہ سال اسی مدت میں حاصل ہونے والے 53,811 یونٹس کے مقابلے میں کمی کے ساتھ 40,917 یونٹس رہی۔ اس کے ساتھ ہی سیلز بھی کم ہو کر 49,317 یونٹس پر آگئی جبکہ جون 2018 کی سہ ماہی میں سیلز 58,606 یونٹس تھے۔ لہذا، کمپنی نے 12,830 یونٹس کے مقابلے میں 9,320 یونٹس تیار کئے اور گزشتہ مالیاتی سال کی پہلی سہ ماہی میں 12,483 یونٹس کے مقابلے میں 8,356 یونٹس فرخت کئے۔

### مالیاتی نتائج

مشکلات سے بھرپور مالیاتی ماحول اور قیمتوں میں متواتر ردوبدل سے روپے کی قدر میں کمی واقع ہوئی جس کے نتیجے میں فروخت اور منافع میں کمی واقع ہوئی۔ مالی سال 2019 کی پہلی سہ ماہی کے دوران سیلز ریونیو 17,879.7 ملین

نے 309 بلین روپے کے زرعی پیکیج کا اعلان کر کے قابل قدر اقدامات کئے ہیں۔ یہ پیکیج فصل کی پیداوار، لائیو اسٹاک ڈویلپمنٹ اور درآمدات کے متبادل ملکی پروڈکٹ کی ترقی کے ذریعے بہتری پر زور دیتا ہے۔ اس اصلاحاتی پیکیج کے درست عمل درآمد سے معیشت پر طویل عرصے تک طویل مدتی اثرات مرتب ہو سکتے ہیں۔

امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں مسلسل کمی کا رجحان جاری ہے۔ غیر مستحکم معیشت کو متوازن کرنے اور افراط زر پر قابو پانے کے لیے اسٹیٹ بینک آف پاکستان نے شرح سود کو 150 پیسز پوائنٹس کے بے تحاشہ اضافے کے ساتھ 12.25 فیصد کر دیا جو کہ گزشتہ آٹھ سالوں کی بلند ترین سطح ہے بنیادی پالیسی کے دیگر فیصلوں میں شامل ہے: گردش قرضے کو مزید بڑھنے سے روکنے کے لیے توانائی کے ٹیرف میں اضافہ ریگولیٹری ڈیوٹیز کے ذریعے درآمدات میں کمی اور بنیادی توازن میں زوال پذیری کو روکنے کے لیے موجودہ قومی بجٹ میں ٹیکس رعایتوں کی واپسی شامل ہے۔

### آٹو موبائل انڈسٹری

انڈسٹری معاشی بحالی اور بہت سے پہلوؤں میں چیلنجز کے سبب اپنے انتہائی مشکل دور سے گزر رہی ہے جیسا کہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی مسلسل بے قدری،

## چیرمین کا جائزہ

میں 30 جون 2019 کو پہلی سہ ماہی کے اختتام پر کمپنی کے غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

### معاشیات

پاکستان کی اقتصادی و معاشی بنیاد نے 2019 کی پریشان کن صورت حال کے بعد کچھ بہتری ظاہر کی ہے جس کے بعد، مالی اور مالیاتی استحکام کی بحالی کیلئے کئے جانے والے اقدامات کا اثر واضح ہونا شروع ہو گیا ہے۔ تاہم، ان حوصلہ افزاء علامات کے باوجود، اب بھی کچھ ایسے اہم امور باقی ہیں جن پر آگے بڑھنے کے لیے توجہ مرکوز کرنا ضروری ہے۔

اسٹیٹ بینک آف پاکستان (SBP) کے مطابق، کرنٹ اکاؤنٹ خسارے میں 21 فیصد کی خاصی بڑی کمی ریکارڈ کی گئی ہے جو کہ گزشتہ سال کی اسی مدت میں 17.9 بلین امریکی ڈالر سے کم ہو کر مالی سال جولائی سے مئی 2019 کے دوران 12.7 بلین امریکی ڈالر پر موجود ہے۔ اگرچہ مالی سال 2019 کے دوران برآمدات کم رہیں، لیکن کرنٹ اکاؤنٹ میں درآمدات میں کمی کے باعث بہتری دیکھی گئی ہے جہاں درآمدات گزشتہ سال کی 41 بلین امریکی ڈالر سے کم ہو کر 39 بلین امریکی ڈالر ہو گئی ہے، یہ 4.9 فیصد کی تخفیف ڈالر کی شرائط پر کی گئی ہے۔ جبکہ سمندر پار پاکستانیوں کی ترسیل زر 21 فیصد اضافے کے ساتھ گزشتہ سال اسی مدت میں 16.7

بلین امریکی ڈالر کے مقابلے میں 20 بلین امریکی ڈالر تک پہنچ گئی ہے۔ اس کمی کے باوجود، کرنٹ اکاؤنٹ خسارہ بدستور زیادہ ہے، مالی استحکام توقع کے برخلاف سست روی کا شکار ہے، اور بنیادی افراط زر میں مسلسل اضافہ ہو رہا ہے۔ گزرنے والے مالی سال 2018-19 میں 6.2 فیصد کے زبردست ہدف کے مقابلے میں 3.29 فیصد کی ترقی دیکھی گئی اور یہ اہداف زراعت، صنعت اور سروسز کے لیے شعبہ جاتی ترقی کے تخمینے بالترتیب 3.8 فیصد، 7.6 فیصد اور 6.5 فیصد پر مبنی تھے۔ لیکن درحقیقت شعبہ جاتی ترقی زراعت کے لیے 0.85 فیصد، صنعت کے لیے 1.4 فیصد اور 4.7 سروسز کے لیے دیکھنے میں آئی۔ کپاس، چاول اور گنے جیسی اہم فصلوں میں منفی رجحان ریکارڈ کیا گیا، جبکہ گندم اور مکئی کی فصلوں میں سطحی ترقی دیکھی گئی ہے۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) سیکٹر میں بھی 2.9 فیصد کی کمی واقع ہوئی ہے، جس کی بڑی وجہ پبلک سیکٹر ڈولپمنٹ پروگرام، کم ہوتی پرائیوٹ سیکٹر کی تعمیراتی سرگرمیوں اور صارفین کے اخراجات میں کمی پر ہے۔ تاہم، خدمات کے شعبے نے تجارت، ٹرانسپورٹ، اسٹوریج اور مواصلات کے شعبوں میں ترقی کے باعث 4.7 فیصد کی مجموعی ترقی درج کی ہے۔ زرعی شعبے کی اسٹریٹجک اہمیت کو مد نظر رکھتے ہوئے، حکومت

# AUTHORIZED SALES, SERVICE & SPARE PARTS 35 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

### Honda Port Qasim

Plot No. 3B & 4B, Block-B,  
Gulshan-e-Benazir Township Scheme,  
PQA, Bin Qasim, Karachi.  
Cell : 0333-1025816-17

## HYDERABAD

### Honda Palace

Shahbaz Town,  
Jamshoro Road.  
Tel: (0223) 6671789, 667032  
Fax: (0223) 667519

## RAHIM YAR KHAN

### Honda Rahim Yar Khan

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

## SAHIWAL

### Honda Montgomery

Sahiwal Bypass Lahore Road near PSO  
Tel: 0304-111-45-45  
Fax: (40) 4502082

## 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

### Honda Township

Main Peco Road,  
Kot Lakhpat.  
Tel : (042) 35843995-7  
Fax : (042) 35943371

## 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

## MULTAN

### Honda Breeze

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

## JHELUM

### Honda Express (Pvt) Ltd.

Main GT Road,  
Jhelum  
Tel : (0544) 272081-83  
Fax : (0544) 272086

## 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

### Honda Lyallpur

Gattwala Toll Plaza,  
Sheikhupura Road.  
Tel: (041) 2423774-9

## SARGODHA

### Honda Citrus Fields

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

## GUJRANWALA

### Honda Gujranwala

G.T. Road.  
Tel: (055) 3415401-3  
Fax: (055) 3415407

## SIALKOT

### Honda Falcon

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

## MIRPUR

### Honda Empire

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