



Atlas Honda
Quarterly Report
June 30, 2016

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hiromitsu Takasaki
Director

Jawaid Iqbal Ahmed
Director

Sanallah Qureshi
Director

Toichi Ishiyama
Director

Yasutaka Uda
Director

Saquib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Saquib H. Shirazi
Member

Faisal Iqbal
Secretary

Management Committee

Saquib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yasutaka Uda
Vice President Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Mushtaq Alam
General Manager Information Technology

Khawaja Shujauddin
General Manager Commercial & Planning

Shakil Mirza
General Manager Supply Chain

Muhammad Qadeer Khan
General Manager Quality Assurance

Hiromitsu Takasaki
General Manager Technical

Mujahid-ul-Mulk Butt
General Manager Sales

Tauqeer Rana
General Manager After Sales

Faisal Iqbal
General Manager Human Resources & Administration

Akmal Dar
General Manager Production, Planning & Control

Muhammad Noman Khan
General Manager Engineering & Projects

Audit Committee

Sanallah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Ghazanfar Allah Buksh
Head of Internal Audit

Umair Mukhtar
Secretary

Human Resource & Remuneration Committee

Sanallah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Company Information

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

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
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
Fax: (92-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel: (92-51) 5120494-6, 5120502
Fax: (92-51) 5120497

House # 7, Atta Road, near Govt. Girls College,
Rahimyar Khan
Tel: (92-68) 5888809, 5883419,
5883417

391, Block D, Latifabad Unit # 6, Hyderabad
Tel: (92-22) 3864983-4
Fax: (92-22) 3864983

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

Show Room

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

* Customer Care Services are also available at this location.

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the three months period ended June 30, 2016.

THE ECONOMY

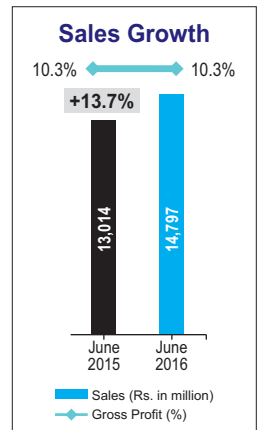
During the period, an increasing number of economic indicators showed positive results. GDP growth maintained its modest pace, reaching an eight year high of 4.7%. Inflation recorded at a multi-decade low level of 3.2%. The swift pass through of lower international prices to consumers, comfortable supplies of key food items and stable exchange rate helped to contain inflation. The controlled inflation outlook prompted SBP to reduce policy rate to 5.75%. This monetary easing is also supported by an improved outlook on the external front. Liquid reserves reached an ever highest level of USD 21.76 billion. The sustained growth in remittances and realization of inflows from multilateral & bilateral sources have led to this increase. A strong reserves position prevented significant depreciation in the Rupee, which remained relatively firm despite weakening of the regional currencies. However, depressing exports performance (12.1% year on year decline) has been a cause of concern. On the fiscal front, the revenue collection improved to Rs. 3.1 trillion, up by 20% as compared to last year. Aggressive measures to widen the tax base and an increased focus on compliance measures helped to increase tax to GDP ratio to 8.4%. The continuous improvements in economic indicators kept the momentum going in the capital markets. Accordingly, the PSX 100 index reached an all-time high of 39,000 points.

The agriculture sector recorded a decline of 0.2% for the first time since FY08. This dismal performance can be traced to the crop sector, which fell by 6.3%. Moreover, growth in livestock also slowed down by 0.4% during the year, compounding the challenge for agriculture. The damages to the cotton crop, in particular, were large enough to overshadow a better showing by sugarcane and wheat crops. Further, an increase in input cost and lower prices resulted in considerably low income for growers. This affected the demand of consumer durables in rural areas.

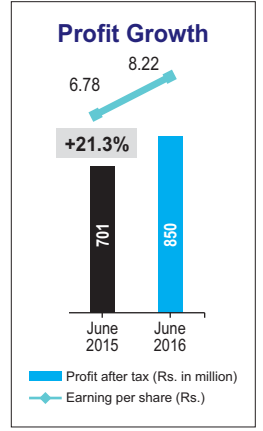
Large Scale Manufacturing recorded noticeable improvement in the fiscal year 2015-16 and posted growth of 6.8% compared to 4.8% of last year. This performance was encouraging amid the uncertainty in the global economy and subdued external demand. The sector benefitted from booming construction activities, improved gas availability to fertilizer plants and a strong demand for automobile & consumer durables. Continued low prices of raw materials, improved energy supply and low policy rate resulted in this remarkable performance. Importantly, the confidence of businesses also firmed up, as evident from announcement of capacity expansion by some of the major companies.

OPERATING RESULTS

The year began with a good momentum and encouraging results. The Company has been able to achieve first quarter results that are in line with its set objectives. The net sales for quarter recorded at Rs. 14.8 billion, which is 14% higher compared to the same period of last year. The positive performance primarily represents volume growth and a better sales mix. The volumetric gains, consistent cost reduction measures and other operational measures led the gross margins to increase to Rs. 1.5 billion, up by 15%. Sales and marketing expenses rose to Rs. 372 million, a year on year increase of 6%, which is attributable to higher spending on promotion and communication activities to support the core business. Administrative expenses registered an increase



of 8% over the corresponding period primarily due to an increase in personnel cost and effects of general inflation. Other operating income, net of financial cost, was registered at Rs. 195 million, which is an encouraging 33% higher than the corresponding period on account of efficient treasury operations. An impressive topline has driven the bottom line figure, which has shown a healthy increase as profit after tax stood at Rs. 850 million, an increase of 21%. Accordingly, the Company has achieved Earnings per Share (EPS) of Rs. 8.22 per share as against Rs. 6.78 per share for the corresponding period last year.



FUTURE OUTLOOK

The broad improvement in macroeconomic indicators sets the foundation for a higher and sustained economic growth. A better availability of energy supplies and an improved security situation have eased two of the major constraints which were holding back the country's growth. On the other hand, low commodity prices poses challenges to the already subdued commodity based exports. However, changing international market dynamics offers unique opportunity to Pakistan to increase its market share and integrate with global supply chains. Further, continued commitment towards fiscal consolidation and industrial & structural reforms is imperative to continue with this momentum. The fast implementation of China Pakistan Economic Corridor (CPEC) projects will foster investments and have a spillover effect on domestic industrial growth. Unfortunately, the subdued agricultural prospects may continue to weigh down on the overall GDP growth. Supportive measures by Government are, therefore, imperative and are expected to boost the demand of two wheelers in the rural areas.

With a strong pipeline of growth projects, supported by a high-performing management, and underpinned by a strong financial position, the Company is well positioned to grow the two-wheeler market as a whole together with its own share therein. The Company is focused on growth opportunities and is determined to significantly improve its operating results by adding value for all stakeholders' wealth.

انسان کو اتنا ہی ملے گا جتنی اس نے کوشش کی

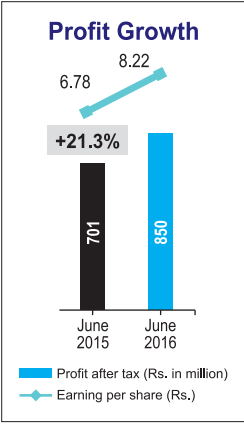
(You get what you deserve)

ACKNOWLEDGEMENT

The Atlas Group takes great pride in its partnership 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.

Yusuf H. Shirazi

Dated: July 29, 2016
Karachi



چونکہ موثر ٹریڈری آپریشنز کے سبب گزشتہ سال اسی مدت کی نسبت 33 فیصد زیادہ حوصلہ افزاء ہے۔ ان سب عوامل کے سبب ہماری کارکردگی اچھی رہی اور ہمارے بعد از ٹیکس منافع 850 ملین روپے رہا جو کہ 21 فیصد زیادہ ہے۔ اسی طرح کمپنی نے 8.22 روپے فی حصص کے حساب سے آمدنی فی حصص حاصل کی جو کہ گزشتہ سال اسی مدت کے دوران 6.78 روپے تھی۔

مستقبل کے خدوخال

اقتصادی حالات میں بہتری نے مستحکم میکرو اکنامک پیداوار کی بنیاد رکھ دی ہے۔ پابندیوں میں نرمی، افراط زر کی بہتری اور بیرون ملک سے آنے والی ترسیلات نے ملکی معیشت کو بہتر پوزیشن پر لاکھڑا کیا ہے۔ انرجی کی بہتر سپلائی اور اس کی ٹھیک ہوتی صورتحال نے ہمارے دو بڑے مسائل کو دور کرنے میں معاونت کی ہے جو کہ ہماری ترقی کی راہ میں بڑی رکاوٹ تھیں۔ جبکہ دوسری طرف ضروریات زندگی کی اشیاء کی قیمتوں میں کمی

نے زیر اثر کموڈٹی بیڈا ایکسپورٹس کے لئے ایک چیلنج کی حیثیت اختیار کر رکھی ہے۔ نتیجے میں اقتصادی استحکام کے لئے جاری اقدامات اور انڈسٹریل و اسٹریکچرل اصلاحات کے جاری رہنے سے، بہتر پوزیشن برقرار رکھی جاسکتی ہے۔ چائنا پاکستان اکنامک کوریڈور (CPEC) پر ڈیولپمنٹ پر تیزی سے عمل درآمد اور ملک کی سیکورٹی صورتحال میں بہتری سے سرمایہ کاری بڑھے گی اور اس کا صنعتی ترقی پر بھی بہت اچھا اثر پڑے گا۔ بد قسمتی سے زراعت کے شعبے میں جاری پستی کے رجحان سے ملک کی مجموعی جی ڈی پی گروتھ متاثر ہو سکتی ہے۔ اس ضمن میں حکومت کی طرف سے اعلیٰ ریلیف پیکیج سے دیہاتی خریداروں کو آمدنی اور ممکنہ خرچ کو مدد ملے گی۔

مستحکم مالی وسائل، اعلیٰ کارکردگی کی حامل انتظامیہ اور ترقی کے لیے متواتر پروڈیولنس کے ساتھ کمپنی دو وہیلر مارکیٹ کو اپنی زور قوت سے آگے بڑھانے کے لیے بالکل تیار ہے۔ کمپنی کی توجہ ترقی کے مواقعوں پر مرکوز ہے اور اسٹیک ہولڈرز کی مدد سے آپریٹنگ نتائج کو بہتر بنانے کے لیے پرعزم ہے۔

انسان کو انتہائی ملے گا جتنی اس نے کوشش کی

اظہار تشکر

ٹلس گروپ کو ہیڈ اموٹر کمپنی لمیٹڈ کے ساتھ اپنی شراکت داری پر نہایت فخر ہے اور میں اعلیٰ معیار کو برقرار رکھنے کے لیے ان کی مسلسل حمایت اور تعاون کو تسلیم کرنا چاہوں گا۔ میں اپنے معزز کسٹمرز کا ہم پر ہمیشہ اعتماد کرنے، مینجمنٹ ٹیم کا خلاصہ کوششوں بورڈ آف ڈائریکٹرز کا رہنمائی، سی ای او جناب ثاقب ایچ شیرازی کا اپنی متاثر کن قیادت اور تمام اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بھی شکریہ ادا کرنا چاہوں گا جن کی انتھک محنت اور لگن نے ٹلس ہیڈ اموٹر کو ایک منفرد کمپنی بنانے میں اہم کردار ادا کیا۔

Yusuf Ali

جناب یوسف ایچ شیرازی

تاریخ: 29 جولائی 2016

کراچی

چیسر مین کا جائزہ

میں آپ کے ساتھ 30 جون 2016 کو ختم ہونے والے کمپنی کی تین ماہ کی عبوری غیر ترمیم شدہ مالیاتی معلومات پیش کرتے ہوئے نہایت خوشی محسوس کر رہا ہوں۔

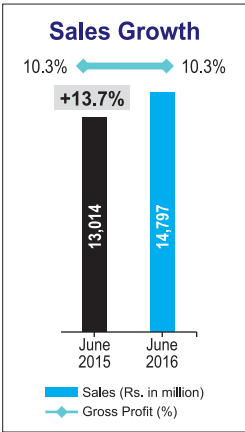
معیشت

پاکستان کی معیشت میں ترقی کی شاندار علامات نظر آتی ہیں۔ جی ڈی پی کی نمو اپنی معمول کی رفتار سے جاری رہی اور آٹھ سالوں میں بلند ترین سطح 4.7 فیصد پر پہنچی۔ کئی دہائیوں بعد افراط زر کی شرح 3.2 فیصد رہی۔ صارفین کے لیے عالمی سطح پر تیزی سے کم ہوتی قیمتوں، خوردنی اشیاء کی ہموار سپلائی اور مستحکم آپیکھنچ ریٹ نے افراط زر کو کم کرنے میں مدد دی۔ افراط زر کا پوہا میں رہنے کے باعث اسٹیٹ بینک آف پاکستان کو پالیسی ریٹ کم کر کے 5.75 کرنے میں مدد ملی۔ اس مالیاتی ترقی کو بیرونی محاذ پر ایک بہتر آڈٹ لک کی جانب سے حمایت حاصل رہی ہے۔ کیونکہ ذخائر ہمیشہ کے مقابلے میں بلند ترین سطح 21.76 بلین امریکی ڈالر رہے۔ ترسیلات زر میں برقرار ترقی، کثیر چھٹی اور دو طرفہ ذرائع سے رقم کی وصولی اس اضافے کی وجہ ہے۔ ان مضبوط ذخائر کے سبب روپے کی قدر میں استحکام رہا اور یہ دیگر کرنسیوں کے مقابلے میں مستحکم رہا جبکہ دیگر کرنسیوں کی قدر میں کمی ہوئی۔ تاہم برآمدات کی واپس کن کارکردگی تشریح کا باعث رہی (12.1 فیصد کمی)۔ جبکہ مالی محاذ پر محصولات میں 3.1 بلین روپے کے ساتھ بہتری آئی جو کہ گزشتہ سال کے مقابلے میں 20 فیصد زیادہ ہے۔ ٹیکس کے دائرہ کار کو بڑھانے کی انتھک کوششوں اور کمپلائنس پر عمل درآمد نے GDP تناسب کو 8.4 فیصد کرنے میں بھرپور مدد دی۔ معاشی اشاروں میں مسلسل بہتری نے کیپیٹل مارکیٹ میں ترقی کا تسلسل برقرار رکھا۔ جس کی وجہ سے پاکستان اسٹاک آپیکھنچ 1100 انڈیکس 39,000 پوائنٹس کی بلند ترین سطح پر پہنچی۔

FY08 کے بعد پہلی بار زراعت کے شعبے میں 0.2 فیصد کمی واقع ہوئی۔ یہ واپس کن کارکردگی فصلوں کے باعث رہی جس میں 6.3 فیصد سے کمی ہوئی۔ اسی طرح لائیو اسٹاک کے شعبے میں 0.4 فیصد کمی واقع ہوئی جس سے زراعت کے شعبے کی مشکلات اور بھی بڑھ گئی ہیں۔ کپاس کی فصل میں ہونے والے نقصانات کے باعث گئے اور گندم کی فصلوں کی بہتر کارکردگی بھی اس نقصان کو پورا نہ کر سکی۔ مزید یہ کہ بڑھے ہوئے اخراجات اور کم ہوتی قیمتوں نے کاشتکاروں کی آمدنی میں واضح کمی واقع ہوئی ہے۔ جس سے دیہی علاقوں میں صارفین کی قوت خرید متاثر ہوئی ہے۔

سال 2015-16 کے مالی سال میں بڑے پیمانے پر میڈیونسکریپٹ کے شعبے میں واضح بہتری آئی ہے اور گزشتہ سال کے 4.8 فیصد کے مقابلے میں 6.8 فیصد ترقی ریکارڈ کی گئی۔ یہ کارکردگی عالمی سطح پر غیر معمولی صورتحال اور مدد طلب کے پیش نظر خاصی حوصلہ افزاء ہے۔ اس شعبے کو تعمیرات کے شعبے میں بڑھتی ہوئی سرگرمیوں، فریٹ لائزرز پلانٹ کوگیس کی بہتر سپلائی، گاڑیوں کی بڑھتی ہوئی طلب اور صارفین کی پائیدار اشیاء کی طلب میں اضافے سے بہت فائدہ حاصل ہوا۔ خام مال کی قیمتوں میں مسلسل کمی، اجری سپلائی میں بہتری اور کم پالیسی ریٹ نے ان بہترین نتائج مہیا کرنے میں اہم کردار ادا کیا۔ سب سے اہم یہ ہے کہ کاروباری اداروں کا اعتماد مضبوط ہوا جس کا واضح ثبوت بہت سی کمپنیوں کی جانب سے توسیع کا اعلان ہے۔

آپریٹنگ نتائج



سال کا آغاز حوصلہ افزا نتائج اور اچھی رفتار کے ساتھ ہوا۔ کمپنی نے پہلی سہ ماہی کے لیے تعین کردہ اہداف کو حاصل کیا۔ اس سہ ماہی میں کمپنی کی نیٹ میلز 14.8 بلین روپے رہیں جو کہ گزشتہ سال اسی مدت کے مقابلے میں 14 فیصد زیادہ ہیں۔ مثبت کارکردگی بنیادی طور پر وائیوم گروتھ اور بہترین میلز کو ظاہر کرتی ہیں۔ حجم میں اضافہ، مسلسل کم ہوتی قیمتیں اور دیگر آپریٹنگ اقدامات کے سبب گروس مارجن 15 فیصد اضافے سے 1.5 بلین روپے رہا۔ سبزر اور مارکیٹنگ کے اخراجات 6 فیصد اضافے کے ساتھ بڑھ کر 372 ملین روپے رہے جو کہ کاروبار کے فروغ اور موصلاتی سرگرمیوں کے سلسلے میں زیادہ خرچ کرنے سے منسوب ہے۔ انتظامی اخراجات میں گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد اضافہ ہوا جس کی وجہ عام افراط زر اور عملے پر ہونے والے اخراجات ہیں۔ دیگر آپریٹنگ انکم، نیٹ آف فنانسنگ کا سٹ 195 ملین روپے رہی

Condensed Interim Balance Sheet

As at June 30, 2016

| | Note | (Unaudited) June 30, 2016 (Rupees in '000) | (Audited) March 31, 2016 |
|--------------------------------------|------|---|--------------------------------|
| Assets | | | |
| Non current assets | | | |
| Property, plant and equipment | 5 | 6,170,340 | 5,817,700 |
| Intangible assets | | 4,246 | 5,379 |
| Long term investments | 6 | 256,516 | 245,508 |
| Long term loans and advances | | 28,404 | 28,027 |
| Long term deposits | | 15,054 | 14,937 |
| | | <hr/> | <hr/> |
| | | 6,474,560 | 6,111,551 |
| Current assets | | | |
| Stores, spares and loose tools | | 499,440 | 489,415 |
| Stock-in-trade | | 2,185,180 | 1,863,482 |
| Trade debts | | 660,134 | 608,420 |
| Loans and advances | | 40,546 | 35,877 |
| Trade deposits and prepayments | | 34,200 | 64,770 |
| Short term investments | 7 | 5,318,803 | 5,876,554 |
| Accrued mark-up / interest | | 23,654 | 16,842 |
| Other receivables | | 3,907 | 4,910 |
| Taxation - net | | 788,611 | 542,121 |
| Bank balances | | 4,578,526 | 4,755,020 |
| | | <hr/> | <hr/> |
| | | 14,133,001 | 14,257,411 |
| | | <hr/> | <hr/> |
| | | 20,607,561 | 20,368,962 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | | 1,034,066 | 1,034,066 |
| Reserves | | 9,319,106 | 9,968,057 |
| | | <hr/> | <hr/> |
| | | 10,353,172 | 11,002,123 |
| Non current liabilities | | | |
| Compensated absences | | 219,436 | 214,620 |
| Deferred taxation | | 549,038 | 566,749 |
| | | <hr/> | <hr/> |
| | | 768,474 | 781,369 |
| Current liabilities | | | |
| Trade and other payables | 8 | 9,485,915 | 8,585,470 |
| | | <hr/> | <hr/> |
| | | 10,254,389 | 9,366,839 |
| Contingencies and commitments | | | |
| | 9 | | |
| | | <hr/> | <hr/> |
| | | 20,607,561 | 20,368,962 |
| | | <hr/> | <hr/> |

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Profit and Loss Account (Unaudited)

For the Three Months Period Ended June 30, 2016

| | Note | Three months period ended June 30, | |
|---|------|---------------------------------------|--------------|
| | | 2016 | 2015 |
| | | (Rupees in '000) | |
| Sales - net | | 14,797,202 | 13,014,307 |
| Cost of sales | 10 | (13,267,500) | (11,679,766) |
| Gross profit | | 1,529,702 | 1,334,541 |
| Sales and marketing expenses | | (371,791) | (351,656) |
| Administrative expenses | | (125,754) | (116,416) |
| Other income | | 198,897 | 148,993 |
| Other expenses | | (86,188) | (71,012) |
| Profit from operations | | 1,144,866 | 944,450 |
| Finance cost | | (3,945) | (1,891) |
| Share of profit of associate - net of tax | | 11,008 | 8,200 |
| Profit before taxation | | 1,151,929 | 950,759 |
| Taxation | | (301,484) | (250,023) |
| Profit after taxation | | 850,445 | 700,736 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 850,445 | 700,736 |
| | | ----(Rupees)---- | |
| Earnings per share | 11 | 8.22 | 6.78 |

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Cash Flow Statement (Unaudited)

For the Three Months Period Ended June 30, 2016

| | Note | Three months period ended June 30, | |
|---|------|---------------------------------------|------------------|
| | | 2016 | 2015 |
| Cash Flows from Operating Activities | | | |
| Cash generated from operations | 12 | 1,402,933 | 2,043,021 |
| Income tax paid | | (565,685) | (716,657) |
| Compensated absences paid | | (3,134) | (591) |
| Mark-up / interest received | | 54,600 | 64,741 |
| Workers' profit participation fund paid | | (216,857) | (172,515) |
| Long term loans and advances - net | | (377) | (1,507) |
| Long term deposits - net | | (117) | 227 |
| Net cash generated from operating activities | | 671,363 | 1,216,719 |
| Cash Flows from Investing Activities | | | |
| Fixed capital expenditure | | (552,399) | (163,798) |
| Investments acquired | | (2,756,087) | (9,189,009) |
| Sale proceeds from disposal of operating fixed assets | | 14,768 | 85,337 |
| Sale proceeds from disposal of investments | | 3,399,787 | 9,019,804 |
| Net cash used in investing activities | | 106,068 | (247,666) |
| Net Cash Used in Financing Activity | | | |
| Dividend paid | | (953,925) | (668,176) |
| Net increase / (decrease) in cash and cash equivalents | | (176,494) | 300,877 |
| Cash and cash equivalents at beginning of the period | | 4,755,020 | 3,409,200 |
| Cash and cash equivalents at end of the period | | 4,578,526 | 3,710,077 |

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Three Months Period Ended June 30, 2016

(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, 2015 | 1,034,066 | 39,953 | 165 | 5,332,000 | 2,832,361 | 9,238,545 |
| Transfer to general reserve | - | - | - | 830,000 | (830,000) | - |
| Transactions with owners | | | | | | |
| Final cash dividend for the year ended March 31, 2015 at the rate of Rs.12 per share | - | - | - | - | (1,240,879) | (1,240,879) |
| | - | - | - | - | (1,240,879) | (1,240,879) |
| Total comprehensive income for the three months period ended June 30, 2015 | - | - | - | - | 700,736 | 700,736 |
| Balance as at June 30, 2015 (unaudited) | 1,034,066 | 39,953 | 165 | 6,162,000 | 1,462,218 | 8,698,402 |
| Total comprehensive income for the nine months period ended March 31, 2016 | - | - | - | - | 2,303,721 | 2,303,721 |
| Balance as at March 31, 2016 | 1,034,066 | 39,953 | 165 | 6,162,000 | 3,765,939 | 11,002,123 |
| Transfer to general reserve | - | - | - | 830,000 | (830,000) | - |
| Transactions with owners | | | | | | |
| Final cash dividend for the year ended March 31, 2016 at the rate of Rs.14.5 per share | - | - | - | - | (1,499,396) | (1,499,396) |
| Total comprehensive income for the three months period ended June 30, 2016 | - | - | - | - | 850,445 | 850,445 |
| Balance as at June 30, 2016 (unaudited) | 1,034,066 | 39,953 | 165 | 6,992,000 | 2,286,988 | 10,353,172 |

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Period Ended June 30, 2016

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 Companies Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, into which the Lahore and Islamabad stock exchanges have merged). 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.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended March 31, 2016.

3. ACCOUNTING POLICIES

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 audited annual financial statements for the year ended March 31, 2016.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2016. These are considered not to be relevant or to have any significant effect on Company's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial information.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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, 2016.

| Note | (Unaudited) June 30, 2016 | (Audited) March 31, 2016 |
|------|---------------------------------|--------------------------------|
| | ------(Rupees in '000)----- | |

5. PROPERTY, PLANT AND EQUIPMENT

| | | | |
|--------------------------|-----|------------------|------------------|
| Operating fixed assets | 5.1 | 5,293,844 | 5,305,997 |
| Capital work-in-progress | | 876,496 | 511,703 |
| | | <u>6,170,340</u> | <u>5,817,700</u> |

| | Note | (Unaudited) June 30, 2016 ------(Rupees in '000)----- | (Audited) March 31, 2016 |
|--|------|--|--------------------------------|
| 5.1 Operating fixed assets | | | |
| Net book value at beginning of the period / year | | 5,305,997 | 4,752,195 |
| Additions during the period / year | 5.2 | 187,606 | 1,369,078 |
| Disposals and write-off, costing Rs.21,714 thousand (March 31, 2016: Rs. 487,755 thousand) - at net book value | | (14,768) | (129,481) |
| Depreciation charge for the period / year | | (184,991) | (685,795) |
| Net book value at end of the period / year | | <u>5,293,844</u> | <u>5,305,997</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, 2016 ------(Rupees in '000)----- | (Audited) March 31, 2016 |
|----------------------------|------|--|--------------------------------|
| Freehold Land | | - | 219,970 |
| Building on freehold land | | - | 64,214 |
| Building on leasehold land | | - | 1,627 |
| Plant and machinery | | 99,230 | 729,310 |
| Dies and jigs | | 60,040 | 195,248 |
| Factory equipment | | 2,431 | 25,578 |
| Office equipment | | 1,695 | 3,722 |
| Computers and accessories | | 2,128 | 29,565 |
| Furniture and fixtures | | 429 | 4,870 |
| Electric and gas fittings | | 1,105 | 19,002 |
| Vehicles | | 20,548 | 75,972 |
| | | <u>187,606</u> | <u>1,369,078</u> |

6. LONGTERM INVESTMENTS - Unquoted

Unquoted

| | | | |
|---|-----|----------------|----------------|
| Associate - equity accounted investment | 6.1 | 256,516 | 245,508 |
| Others - available for sale | 6.2 | - | - |
| | | <u>256,516</u> | <u>245,508</u> |

6.1 Equity accounted investment - Atlas Hitec (Private) Limited

| | | | |
|--|--|----------------|----------------|
| Balance as at April 1 | | 245,508 | 216,283 |
| Share of profit for the year / period - net of tax | | 11,008 | 43,475 |
| Dividend received during the year | | - | (14,250) |
| Balance as at March 31 | | <u>256,516</u> | <u>245,508</u> |

6.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23%(2015:29.23%) of its issued, subscribed and paid-up capital as at March 31, 2016.

6.1.2 The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2016.

| | (Unaudited) June 30, 2016 ----- (Rupees in '000) ----- | (Audited) March 31, 2016 |
|---|---|--------------------------------|
| 6.2 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 |
| | - | - |
| 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 |
| | - | - |
| | - | - |
| 7. SHORT-TERM INVESTMENTS - at fair value through profit or loss | | |
| Investments in units of mutual funds: | | |
| - Related parties | 4,583,130 | 5,144,142 |
| - Others | 735,673 | 732,412 |
| | <u>5,318,803</u> | <u>5,876,554</u> |
| 8. TRADE AND OTHER PAYABLES | | |
| Creditors | 2,677,873 | 2,411,945 |
| Accrued liabilities | 1,394,022 | 1,643,251 |
| Royalty payable | 673,747 | 665,055 |
| Warranty obligations | 41,069 | 40,269 |
| Advances from customers | 3,684,939 | 3,214,454 |
| Retention money | 2,715 | 3,379 |
| Sales tax payable | 97,308 | 117,232 |
| Workers' profit participation fund | 60,794 | 215,727 |
| Workers' welfare fund | 105,152 | 81,652 |
| Payable to staff retirement benefit funds - gratuity | 49,602 | 43,694 |
| Provision for Sind government infrastructure fee | 83,285 | 78,285 |
| Unclaimed dividend | 594,174 | 48,703 |
| Others | 21,235 | 21,824 |
| | <u>9,485,915</u> | <u>8,585,470</u> |
| 9. CONTINGENCIES AND COMMITMENTS | | |
| 9.1 Contingencies | | |
| 9.1.1 There is no change in status of the contingencies as disclosed in note 25.1 of the audited annual financial statements of the Company for the year ended March 31, 2016. | | |
| | (Unaudited) June 30, 2016 ----- (Rupees in '000) ----- | (Audited) March 31, 2016 |
| 9.1.2 Outstanding bank guarantees | <u>1,018,859</u> | <u>386,196</u> |
| 9.2 Commitments | | |
| 9.2.1 Commitments in respect of: | | |
| - capital expenditure other than letters of credit | <u>316,706</u> | <u>239,842</u> |
| - capital expenditure, raw materials and components through confirmed letters of credit | <u>1,206,089</u> | <u>1,209,965</u> |

9.2.2 Aggregate commitments for ljarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:

| | (Unaudited) June 30, 2016 ------(Rupees in '000)----- | (Audited) March 31, 2016 |
|--|--|--------------------------------|
| Not later than one year | 25,810 | 26,574 |
| Over one year and no later than five years | 44,883 | 46,489 |
| | <u>70,693</u> | <u>73,063</u> |

| Note | (Unaudited) Three months period ended June 30, 2016 2015 ------(Rupees in '000)----- | |
|------|---|--|
|------|---|--|

10. COST OF SALES

| | | | |
|---|------|-------------------|-------------------|
| Finished goods at beginning of the period | | 391,372 | 311,219 |
| Cost of goods manufactured | 10.1 | 12,262,510 | 10,936,707 |
| Purchases | | 1,058,601 | 766,000 |
| | | <u>13,321,111</u> | <u>11,702,707</u> |
| | | 13,712,483 | 12,013,926 |
| Finished goods at end of the period | | (444,983) | (334,160) |
| | | <u>13,267,500</u> | <u>11,679,766</u> |

10.1 Cost of goods manufactured

| | | | |
|--|--|-------------------|-------------------|
| Work-in-process at beginning of the period | | 55,725 | 25,131 |
| Raw materials and components consumed | | 10,314,724 | 9,244,321 |
| Factory overheads | | 1,949,161 | 1,722,980 |
| | | <u>12,263,885</u> | <u>10,967,301</u> |
| | | 12,319,610 | 10,992,432 |
| Work-in-process at end of the period | | (57,100) | (55,725) |
| | | <u>12,262,510</u> | <u>10,936,707</u> |

11. 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 | 850,445 | 700,736 |
|---------------------------|---------|---------|

------(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 | 8.22 | 6.78 |
|--------------------------|------|------|

(Unaudited)
Three months period ended
June 30,

Note 2016 2015
------(Rupees in '000)-----

12. CASH GENERATED FROM OPERATIONS

| | | |
|--|-------------------|------------------|
| Profit before taxation | 1,151,929 | 950,759 |
| Adjustments for non-cash charges and other items: | | |
| Depreciation of operating fixed assets | 184,991 | 178,714 |
| Amortisation of intangible assets | 1,133 | 2,039 |
| Net loss in fair value of investments at fair value through profit of loss | 104,397 | (17,125) |
| Dividend Income | (155,786) | - |
| Gain on sale of investments | (34,559) | (65,848) |
| Mark-up / interest on saving deposit accounts and TDRs | (61,412) | (71,136) |
| Share of profit of an Associated Company | (11,008) | (8,200) |
| Workers' profit participation fund | 61,923 | 51,088 |
| Workers' welfare fund | 23,500 | 19,415 |
| Provision for compensated absences | 7,950 | 7,650 |
| Provision for gratuity | 5,908 | 6,958 |
| (Gain) / Loss on disposal of fixed assets | - | (3,957) |
| Working capital changes | 12.1 123,967 | 992,664 |
| | <u>1,402,933</u> | <u>2,043,021</u> |

12.1 Working capital changes

| | | |
|--|----------------|----------------|
| Decrease / (increase) in current assets: | | |
| Stores, spares and loose tools | (10,025) | 316 |
| Stock-in-trade | (321,698) | (732,372) |
| Trade debts | (51,714) | 52,497 |
| Loans and advances | (4,669) | (2,856) |
| Trade deposits and prepayments | 30,570 | 35,503 |
| Other receivables | 1,003 | 2,511 |
| | (356,533) | (644,401) |
| Decrease in trade and other payables | 480,500 | 1,637,065 |
| | <u>123,967</u> | <u>992,664</u> |

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended March 31, 2016.

There has been no change in Company's sensitivity to these risks since March 31, 2016 except for general exposure to fluctuations in foreign currency and interest rates. There have been no changes in the risk management policies during the period.

There have been no significant changes in the business or economic circumstances during the period that would have affected the fair values of the financial assets of the Company. Further, no re-classifications in the categories of financial assets have been made since March 31, 2016.

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

| Relationship with the Company | Nature of transactions | (Unaudited) Three months period ended June 30, | |
|--------------------------------|--|--|---|
| | | 2016 ------(Rupees in '000)----- | 2015 |
| (i) Associates | Sales: | | |
| | - goods and services | 183,179 | 182,708 |
| | - operating fixed assets | 9,486 | 97,232 |
| | Purchases: | | |
| | - goods and services | 3,549,387 | 2,769,363 |
| | - operating fixed assets | 31,633 | 3,642 |
| | Sale of units in mutual funds | 2,235,622 | 7,767,623 |
| | Purchase of units in mutual funds | 1,600,000 | 8,042,751 |
| | Dividend received from mutual funds | 148,419 | - |
| | Royalty | 721,708 | 589,433 |
| | Export commission | 960 | 927 |
| | Technical assistance fee paid | - | 3,539 |
| | Commission income | 950 | 866 |
| | Rent | 12,197 | 11,088 |
| | Insurance premium paid | 10,902 | 12,406 |
| | Insurance claims received | 269 | 9,022 |
| | Reimbursement of expenses - net | 747 | 299 |
| | Dividend paid | 828,710 | 685,829 |
| (ii) Staff retirement funds | Contributions paid to gratuity funds, provident fund / pension schemes | 16,334 | 13,209 |
| (iii) Key management personnel | Managerial remuneration and benefits | 29,607 | 24,157 |
| | Retirement benefits | 1,425 | 1,296 |
| | | (Unaudited) June 30, 2016 | (Audited) March 31, 2016 |
| | | ------(Rupees in '000)----- | ------(Rupees in '000)----- |

14.2 Period / year end balances are as follows:

Receivables from related parties

Trade debts

8,704

-

Payables to related parties

Trade and other payables

927,480

589,433

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2016 and the corresponding figures in the condensed interim profit and loss account, condensed interim cash flow statement 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, 2015.

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

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 29, 2016 by the Board of Directors.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Atlas Honda Limited

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