

2017



Quarterly Report June 30,

2017

Atlas Honda Limited

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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hirofumi Yada
Director

Jawaid Iqbal Ahmed
Director

Sanallah Qureshi
Director

Susumu Mitsuishi
Director

Yasutaka Uda
Director

Saquib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

Audit Committee

Sanallah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Naeem Mohsin
Head of Internal Audit

Umair Mukhtar
Secretary

Human Resource & Remuneration Committee

Sanallah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Saquib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saquib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yasutaka Uda
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Akmal Dar
General Manager Production, Planning & Control

Faisal Iqbal
General Manager Human Resources & Administration

Khawaja Shujaiddin
General Manager Commercial & Planning

Muhammad Noman Khan
General Manager Engineering & Projects

Muhammad Qadeer Khan
General Manager Quality Assurance

Mujahid-ul-Mulk Butt
General Manager Sales

Mushtaq Alam
General Manager Information Technology

Tanvir Hyder
General Manager Supply Chain

Tauqeer Rana
General Manager After Sales

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
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Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Khushali Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

Registered Office

1-McLeod Road, Lahore-54000
Tel: (92-42) 37225015-17, 37233515-17
Fax: (92-42) 37233518, 37351119
E-mail: ahl@atlas.com.pk
Website: www.atlashonda.com.pk

Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel: (92-21) 32575561-65
Fax: (92-21) 32563758

26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel: (92-56) 3406501-8
Fax: (92-56) 3406009

Branch Offices & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989, 4540028
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60-Bank Road, Saddar, Rawalpindi
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House # 7, Atta Road, near Govt. Girls College,
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Show Room

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Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the quarter ended June 30, 2017.

THE ECONOMY

Pakistan's macroeconomic landscape marked continued improvement despite the concerns over growth. GDP growth maintained its positive momentum, reaching a decade-high level of 5.3%. This growth is mainly driven by pick up in large scale manufacturing (LSM), recovery in agriculture sector and strong performance of services sector. CPI for the FY17 remained well anchored with average of 4.14% due to low commodity prices and stable exchange rates. Keeping in view the ongoing growth momentum, SBP has maintained a forty year low policy rate of 5.75% since May 2016. On the external front, the current account deficit touched record level of USD 13.3 billion for FY17 compared to USD 4.6 billion, up by 189% year on year basis (YOY). This is due to significant trade deficit, wherein, imports increased by 16.7% to USD 43.5 billion and exports dropped by 1.6% to USD 19.8 billion. Worker's remittances also reduced by 3.1% at USD 19.3 billion. Consequently, there has been a pressure on foreign exchange reserves, which declined by approximately 9% to USD 21.4 billion. Rising pressure on external position has weighed down the stability of dollar-rupee parity. Further, political upheaval coupled with disappointing MSCI-EM related inflows led to offload of shares by foreign investors. Hence, the stock market has lost around 12% from its peak hit of 53,124 points in May 2017.

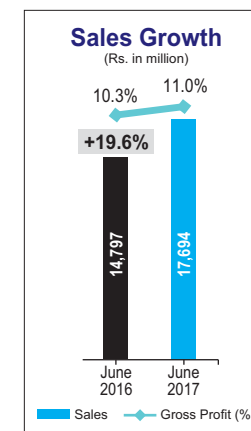
The agricultural sector continues to be a corner stone in the economy, with a 19.5% share of GDP and employing 42.3% of country's labor force. It recorded growth of 3.5%, which was a significant improvement from 0.3% of last year. Bumper crops of sugarcane, maize and cotton compensated for lower growth in production of rice and wheat. This was supported by favorable policy measures, including subsidy on fertilizer, reduction in sales tax on tractors and increased access to finance. Improvement in agriculture has, in turn, resulted in positive spillover for trade and manufacturing sectors.

LSM, which is a key contributor to the industrial sector, grew by 5.7% during the 11M FY17 against 3.4% during the same period last year. Major contributions came from sugar, cement, steel, pharmaceuticals, electronics and automobile. The growth was derived from expanding domestic demand, sizable credit off-take, subsiding security concerns and ease in energy supplies.

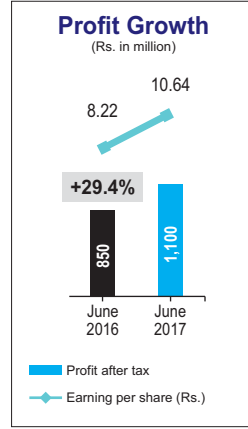
OPERATING RESULTS

The Company remains committed towards its objective of maximizing value creation. This is being achieved by concentrating business resources to enhance operating flexibility, optimizing cost structure, execution of growth projects and investment in new technologies. As a result of these efforts, the Company expanded its product portfolio and introduced, in the 150 cc category, its new model namely "CB 150F" on May 3, 2017. The new bike is designed to fulfill and surpass customers' needs and aspirations for mobility, setting benchmarks in technology, style and quality.

Net sales were recorded at Rs. 17.69 billion, which represents an increase of 20% over the same period of last year. The improvement in sales translated in increased gross profit of Rs. 1.95 billion, up by 27%. Strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 437 million, a year



on year increase of 17% which is attributable to higher volumes and spending on promotional campaigns to support core business. Administrative expenses registered an increase of 17% over the corresponding period primarily due to increase in personnel cost and effects of general inflation. Other income, net of financial charges, contributed Rs. 220 million to the bottom line, which is 13% higher than the comparative year. The increase was achieved thorough effective treasury management and improved liquidity. An impressive topline allowed the Company to outperform its previous best efforts as the Company has achieved profit after tax of Rs. 1.1 billion an increase of 29%. This translated into Earnings per Share (EPS) of Rs. 10.64 as against Rs. 8.22 for the corresponding period last year.



FUTURE OUTLOOK

The overall economic environment continues to remain conducive for growth. In particular, key constraints impeding the economy from achieving high growth - i.e power supply and law & order situation - are gradually getting better. There is optimism on the domestic demand owing to higher than expected public sector spending, pre-election year and greater pace of development projects. CPEC is definitely a huge opportunity for Pakistan and there is a need to proactively monitor and evaluate all activities within this window. There is urgency in the area of tax reforms, where determined initiatives are needed to contain fiscal deficit and improve tax to GDP ratio significantly. Going forward it is imperative to exploit all sources of inflows in order to comfortably finance the rising imports and debt servicing. In this regard, the exchange rate will be tested as the repayment phase approaches. On the other hand, bright agricultural prospects and timely supportive measures by the Government are expected to bring positive results to the economy. The combined effect is expected to sustain the demand of two wheeler segment.

The Company has laid the foundation for long term sustainable leadership and is committed to achieve profitable growth, financial flexibility and operational excellence. It is passing through a dynamic phase where skills, technologies and scales are being developed and getting built for this decade and the next. With the increased capacity and improved competitiveness the Company is well positioned to maintain its market leadership position. The Company will continue to leverage on its experience and expertise to strengthen its position by following the principles of "The Atlas Way".

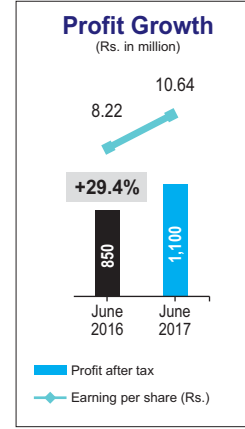
سے خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

ACKNOWLEDGEMENT

The Atlas Group takes great pride in its joint venture with Honda Motor Company Limited and would like to acknowledge its continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management team for their sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi - C.E.O. for his inspiring leadership and all stakeholders - bankers, dealers, vendors, associates and shareholders for helping to build Atlas Honda Limited into a unique company.

Yusuf H. Shirazi

Dated: July 31, 2017
Karachi



ہیں۔ انتظامی اخراجات میں 17 فیصد اضافہ ریکارڈ کیا گیا جس کی وجہ افراط زر اور ذاتی اخراجات ہیں۔ مالیاتی ادائیگیوں کے بعد دیگر آمدنی نے بھی ایک بڑی حد تک مدد دی جس نے 220 ملین روپے کی حد عبور کرتے ہوئے گزشتہ سال کے مقابلے میں 13 فیصد ترقی کی۔ جس کی اہم وجہ ٹریڈریٹنٹس کی بہتر کارکردگی اور بہتر لیکویڈیٹی ہے۔ جس کے نتیجے میں، کمپنی اس قابل ہوئی کہ اپنی گزشتہ کارکردگی سے بہتر کارکردگی کا مظاہرہ کرتے ہوئے بعد از ٹیکس 1.1 بلین روپے منافع حاصل کر سکے، جو کہ گزشتہ سال کے مقابلے میں 29 فیصد زیادہ ہے۔ جس کی بدولت ہمارا منافع فی شیئر (EPS) گزشتہ سال کے 8.22 روپے کے مقابلے میں 10.64 روپے رہا۔

مستقبل پر نظر

مجموعی طور پر اقتصادی صورتحال ترقی کے لیے سازگار رہی۔ توانائی کی سپلائی اور امن و آمان کی صورتحال میں بہتری نے کاروباری ماحول کو فروغ دیا۔ پبلک سیکٹر میں کیے جانے والے زیادہ خرچ، منصوبوں کی تیز رفتار تکمیل اور ایکشن سے قبل سال کی وجہ سے مقامی طلب میں مثبت رجحان رہا۔ پاکستان چین معاہدہ راہداری یقیناً پاکستان کے لیے بہت سے ترقی کے مواقع لائے گی لیکن اس سلسلے میں نہایت ضروری ہے کہ تمام جاری سرگرمیوں کا نہایت مستعدی سے معائنہ کیا جائے۔ ٹیکس اصلاحات میں فوری طور پر بہتری کی ضرورت ہے، ایسے اقدامات کرنے ضروری ہیں جو مالیاتی خسارے پر مشتمل ہوں اور نمایاں طور پر شرح نمو کے تناسب سے ٹیکس کو بہتر بنانے میں مدد ملے۔ تیل کی قیمتوں میں حالیہ اضافہ توشیو کا باعث ہے، جس سے نان۔ آئل اچھوتے کے زیادہ رہنے کی توقع ہے جبکہ ایکسپورٹ کو تا حال قابل شناخت بحالی دکھانے کی ضرورت ہے۔ آئیٹھنج ریٹ کی جانچ دوبارہ ادائیگیوں کا وقت آنے پر کی جائے گی۔ دوسری جانب، زراعت کے شعبے میں روشن امکانات اور حکومت کی جانب سے بروقت مدد کے سبب ملکی معیشت میں مثبت نتائج لانے کی توقع ہے۔ دو ویلر سیکٹور میں طلب کو برقرار رکھنے کے لیے مشترکہ کوششوں کی ضرورت ہے۔

کمپنی نے منافع بخش ترقی، مالیاتی چمک اور اعلیٰ مہارت کے حصول کے لیے طویل المدت پائیدار لیڈرشپ کی بنیاد رکھی ہے۔ یہ ایک ایسے نہایت متحرک دور سے گزر رہی ہے، جس میں صلاحیتوں اور ٹیکنالوجی میں اگلے مراحل کے لیے جدت لائی جا رہی ہے۔ پیداوار اور مسابقت میں اضافے کے ساتھ کمپنی مارکیٹ میں اپنی قائدانہ پوزیشن مستحکم بنائے گی۔ کمپنی "The Atlas Way" کے اصولوں پر عمل پیرا رہتے ہوئے اپنی پوزیشن کو مزید مستحکم بنانے کے لیے اپنے تجربہ بات اور مہارت سے فائدہ اٹھائے گی۔

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

توشیحی بیان

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

جناب یوسف ایچ شیرازی

بتاریخ: 31 جولائی 2017

کراچی

چیسر مین کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2017 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کی غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

معیشت

پاکستان کی مائیکرو اقتصادیات میں پیداوار کے کئی خدشات کے باوجود مسلسل بہتری کا سلسلہ جاری رہا۔ GDP کی شرح ترقی مثبت رہتے ہوئے دہائی کی بلند ترین سطح 5.3 فیصد پر جا پہنچی۔ اس بڑھواری کی اہم وجہ بڑے پیمانے پر پیداوار میں زیادہ اضافہ، زرعی شعبے میں بحالی اور خدمات کے شعبے میں اعلیٰ کارکردگی ہے۔ مالی سال 17 کے لیے CPI کی شرح 4.14 فیصد کی اوسط کے ساتھ برقرار رہی جس کی وجہ ایشیائے خورد و نوش کی قیمتوں میں کمی اور منظم آپکھینچ رہیں ہیں۔ ترقی کے جاری رجحان کو مد نظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان نے مئی 2016 سے پالیسی ریٹ کو چالیس سال کی کم ترین سطح 5.75 فیصد پر برقرار رکھا۔ بیرونی محاذ پر موجودہ کاؤنٹ خسارہ 13.3 بلین ڈالر کی سطح پر ریکارڈ کیا گیا جو کہ گزشتہ سال کے 4.6 بلین ڈالر کے مقابلے میں 189 فیصد زیادہ ہے۔ اس کی وجہ شدید تجارتی خسارہ ہے، جس میں درآمدات 16.7 فیصد اضافے سے 43.5 بلین روپے رہیں اور برآمدات 1.6 فیصد کمی کے ساتھ 19.8 بلین ڈالر رہیں۔ بیرون ملک کام کرنے والے پاکستانیوں کی جانب سے بھیجی جانے والی ترسیلات زر 3.1 فیصد کمی کے ساتھ 19.3 بلین ڈالر رہیں۔ جس کے نتیجے میں، زرمبادلہ کے ذخائر پر شدید دباؤ پڑا اور وہ 9 فیصد کمی کے ساتھ 21.4 بلین ڈالر رہے۔ بیرونی مقام پر شدید دباؤ کے سبب روپیہ اور ڈالر کے استحکام میں کمی واقع ہوئی مزید یہ کہ سیاسی عدم استحکام اور MSCI-EM سے متعلق مایوس کن سرگرمیوں کے سبب غیر ملکی سرمایہ کاروں نے حصص مارکیٹ سے باہر نکالے لہذا اسٹاک مارکیٹ نے مئی 2017 میں اپنی بلند ترین سطح 53,124 پوائنٹس میں 12 فیصد کمی کا سامنا کیا۔

زرعی شعبہ پاکستانی معیشت میں بنیادی کردار ادا کرتا ہے، یہ GDP میں 19.5 فیصد حصے کے ساتھ ملک کے 42.3 فیصد مزدور قوت کو روزگار فراہم کرتی ہے۔ یہ شعبے میں 3.5 فیصد ترقی ریکارڈ کی گئی جو کہ گزشتہ سال کی 0.3 فیصد ترقی کے مقابلے میں کافی زیادہ ہے۔ گناہی اور کپاس کی وافر فصل نے چاول اور گندم کی فصل میں کمی کو بخوبی پورا کیا۔ اس عمل کو مناسب پالیسی اقدامات کے ذریعے سپورٹ کیا گیا جس میں فریٹ لائزر پرسبسڈی، ٹریڈ پورٹلنگ میں کمی اور قرضوں کی آسان فراہمی شامل ہے۔ زرعی شعبے میں بہتری کے سبب تجارت اور مینوفیکچرنگ کے شعبوں پر بہترین اثرات مرتب ہوئے ہیں۔

بڑے پیمانے پر مینوفیکچرنگ، انڈسٹریل شعبے میں اہم کردار ادا کرتی ہے اس شعبے میں، مالی سال 2017 کے گیارہ مہینوں میں 5.7 فیصد ترقی ریکارڈ کی گئی جبکہ گزشتہ سال یہی شرح 3.4 فیصد تھی۔ اس سلسلے میں اہم شراکت داری چینی، سینٹ، اسٹیل، ادویات، الیکٹرونکس اور آٹوموبائل کی جانب سے کی گئی۔ اس بڑھواری کا سبب مقامی طلب میں اضافہ، قابل اطمینان کریڈٹ، بیکو ریٹی کے خدشات میں بہتری اور توانائی کی بہتر سپلائی ہے۔

آپریٹنگ نتائج

کمپنی اپنی اعلیٰ اقدار کے فروغ کے عزم کے ساتھ کاروباری امور انجام دینے پر کاربند رہی۔ اس مقصد کے حصول کے لیے کاروباری وسائل پر توجہ مرکوز رکھی گئی، ترقی کے پروجیکٹس پر عملدرآمد کو ممکن بنایا گیا اور نئی ٹیکنالوجی میں سرمایہ کاری کی گئی۔ ان تمام کوششوں کے نتیجے میں، کمپنی نے اپنے پروڈکٹ پورٹ فولیو میں اضافہ کرتے ہوئے 150 cc کیکنگری کے اندر نیماڈل "CB150F" کے نام سے 3 مئی 2017 کو متعارف کروایا۔ یہ موٹر سائیکل ٹیکنالوجی، اسٹائل اور کوالٹی کے میدان میں نئے معیار کا تعین کرتے ہوئے اس انداز سے ڈیزائن کی گئی ہے کہ صارفین کی ضروریات اور توقعات سے بڑھ کر ثابت ہو۔


نیٹ سیلز 17.69 بلین روپے ریکارڈ کی گئی جو کہ گزشتہ سال اسی مدت کے دوران حاصل کی گئی نیٹ سیلز کے مقابلے میں 20 فیصد زیادہ ہیں۔ سیلز میں ہونے والی بہتری سے مجموعی منافع 27 فیصد اضافے کے ساتھ 1.95 بلین روپے رہا۔ قیمتوں پر کنٹرول، بہتر سیلز کارکردگی اور دیگر آپریشنل اقدامات نے بھی اس میں خاطر خواہ مدد دی۔ سیلز اور مارکیٹنگ کے اخراجات 4.37 بلین روپے بڑھ گئے جس میں اضافہ کا تناسب 17 فیصد ہے۔ جس کی اہم وجہ بلند والیوم اور بنیادی کاروباری کو استحکام دینے کے لیے اشتہاری مہم پر ہونے والے اخراجات


Condensed Interim Balance Sheet (Unaudited)

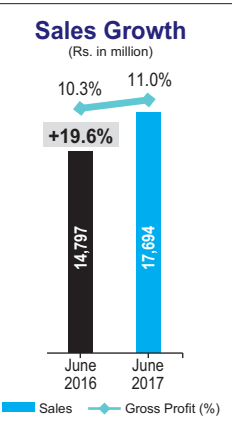
As at June 30, 2017

Note	(Unaudited) June 30, 2017 (Rupees in '000)	(Audited) March 31, 2017
Assets		
Non current assets		
Property, plant and equipment	5 6,973,143	6,961,919
Intangible assets	6 50,652	37
Long term investments	7 306,543	292,342
Long term loans and advances	30,051	30,108
Long term deposits	18,295	17,339
	7,378,684	7,301,745
Current assets		
Stores, spares and loose tools	609,123	539,104
Stock-in-trade	2,778,327	2,123,831
Trade debts	744,456	623,331
Loans and advances	39,611	38,921
Trade deposits and prepayments	8 75,738	120,562
Accrued mark-up / interest	37,905	21,470
Other receivables	4,237	6,627
Taxation - net	809,408	732,706
Short term investments	9 6,279,340	7,080,669
Bank balances	6,859,514	7,053,784
	18,237,659	18,341,005
	25,616,343	25,642,750
Equity and Liabilities		
Equity		
Share capital	1,034,066	1,034,066
Reserves	11,410,616	12,223,467
	12,444,682	13,257,533
Non current liabilities		
Compensated absences	233,739	228,443
Deferred taxation	670,967	670,968
	904,706	899,411
Current liabilities		
Trade and other payables	11,485,170	11,430,802
Unclaimed dividend	781,785	55,004
	12,266,955	11,485,806
	13,171,661	12,385,217
Contingencies and commitments		
	10 25,616,343	25,642,750

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


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer



Condensed Interim Profit and Loss Account (Unaudited)

For the Three Months Period Ended June 30, 2017

	Note	Three months period ended June 30,	
		2017	2016
		(Rupees in '000)	
Sales - net		17,693,849	14,797,202
Cost of sales	11	(15,747,988)	(13,267,500)
Gross profit		1,945,861	1,529,702
Sales and marketing expenses		(436,701)	(371,791)
Administrative expenses		(148,051)	(125,754)
Other income		222,434	198,897
Other operating expenses		(113,205)	(86,188)
Profit from operations		1,470,338	1,144,866
Finance costs		(2,867)	(3,945)
Share of profit of associate - net of tax		14,201	11,008
Profit before taxation		1,481,672	1,151,929
Income tax expense		(381,501)	(301,484)
Profit after taxation		1,100,171	850,445
Other comprehensive income		-	-
Total comprehensive income		1,100,171	850,445
		----(Rupees)----	
Earnings per share	12	10.64	8.22

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Condensed Interim Cash Flow Statement (Unaudited)

For the Three Months Period Ended June 30, 2017

	Note	Three months period ended June 30,	
		2017	2016
		(Rupees in '000)	
Cash Flows from Operating Activities			
Cash generated from operations	13	1,064,110	1,402,933
Income tax paid		(458,203)	(565,685)
Compensated absences paid		(1,811)	(3,134)
Mark-up / interest received		82,650	54,600
Workers' profit participation fund paid		(267,804)	(216,857)
Long term loans and advances - net		57	(377)
Long term deposits - net		(956)	(118)
Net cash generated from operating activities		418,043	671,362
Cash Flows from Investing Activities			
Fixed capital expenditure		(256,996)	(552,399)
Intangible acquired		(52,400)	-
Investments acquired		(2,775,000)	(2,756,087)
Sale proceeds from disposal of operating fixed assets		10,634	14,768
Sale proceeds from disposal of investments		3,647,690	3,399,787
Net cash generated from investing activities		573,928	106,069
Net Cash Used in Financing Activity			
Dividend paid		(1,186,241)	(953,925)
Net decrease in cash and cash equivalents		(194,270)	(176,494)
Cash and cash equivalents at beginning of the period		7,053,784	4,755,020
Cash and cash equivalents at end of the period		6,859,514	4,578,526

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

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Three Months Period Ended June 30, 2017

(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, 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)
	-	-	-	-	(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
Total comprehensive income for the nine months period ended March 31, 2017	-	-	-	-	2,904,361	2,904,361
Balance as at March 31, 2017	1,034,066	39,953	165	6,992,000	5,191,349	13,257,533
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2017 at the rate of Rs.18.5 per share	-	-	-	-	(1,913,022)	(1,913,022)
Total comprehensive income for the three months period ended June 30, 2017	-	-	-	-	1,100,171	1,100,171
Balance as at June 30, 2017 (unaudited)	1,034,066	39,953	165	7,992,000	3,378,498	12,444,682

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Three Months Period Ended June 30, 2017

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. 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, 2017.

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, 2017.

There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2017. 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, 2017.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
Operating fixed assets	5.1	6,875,112	6,898,586
Capital work-in-progress		98,031	63,333
		<u>6,973,143</u>	<u>6,961,919</u>

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
5.1 Operating fixed assets			
Book value at beginning of the period / year		6,898,586	5,305,997
Additions during the period / year	5.2	222,297	2,485,342
Disposals and write-off, costing Rs. 33,518 thousand (March 31, 2017: Rs. 459,365 thousand) - at book value		(13,297)	(95,474)
Depreciation charge for the period / year		(232,474)	(797,279)
Book value at end of the period / year		<u>6,875,112</u>	<u>6,898,586</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, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
Building on leasehold land		56,000	622,934
Plant and machinery		19,920	1,306,258
Dies and jigs		105,230	208,662
Factory equipment		5,352	112,642
Office equipment		67	8,466
Computers and accessories		2,514	15,501
Furniture and fixtures		2,141	30,641
Electric and gas fittings		1,917	47,641
Vehicles		29,156	132,597
		<u>222,297</u>	<u>2,485,342</u>

6. INTANGIBLE ASSETS

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
Book value at beginning of the period / year		37	5,379
Additions during the period / year	6.1	52,400	-
Amortisation charge for the period / year		(1,786)	(5,342)
Book value at end of the period / year		<u>50,651</u>	<u>37</u>

6.1 Additions to intangible assets represent payment of fee to Honda Motor Company Limited (related party) for development of a newly launched product.

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017

7. LONGTERM INVESTMENTS

Unquoted

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
Associate - equity accounted investment	7.1	306,543	292,342
Others - available for sale	7.2	-	-
		<u>306,543</u>	<u>292,342</u>

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
7.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance as at April 1		292,342	245,508
Share of profit for the period / year - net of tax		14,201	61,084
Dividend received during period / the year		-	(14,250)
Balance as at June 30 / March 31		<u>306,543</u>	<u>292,342</u>

7.1.1 The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2017.

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017

7.2 Others - available for sale

Arabian Sea Country Club Limited

200,000 ordinary shares of Rs. 10 each - cost
Less : Impairment in the value of investment

2,000	2,000
2,000	2,000
-	-

Automotive Testing and Training Centre (Pvt.) Limited

50,000 ordinary shares of Rs. 10 each - cost
Less : Impairment in the value of investment

500	500
500	500
-	-
-	-

8. TRADE DEPOSITS AND PREPAYMENTS

Include prepayments of Rs. 39,563 thousand (March 31, 2017: Rs. 83,683 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017

9. SHORT TERM INVESTMENTS - at fair value through profit or loss

Investments in units of mutual funds:

- Related parties	5,605,626	6,409,174
- Others	673,714	671,495
	<u>6,279,340</u>	<u>7,080,669</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 There is no change in status of the contingencies as disclosed in note 23.1 of the audited annual financial statements of the Company for the year ended March 31, 2017.

	Note	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017

10.1.2 Outstanding bank guarantees

1,872,811	1,658,491
-----------	-----------

	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
10.2 Commitments		
10.2.1 Commitments in respect of:		
- capital expenditure other than letters of credit	267,461	131,915
- capital expenditure, raw materials and components through confirmed letters of credit	1,422,118	1,437,618
10.2.2 Aggregate commitments for ljarah arrangements of electric & gas fittings and vehicles as at period / year end are as follows:		
	(Unaudited) June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2017
Not later than one year	29,269	29,765
Over one year and no later than five years	45,211	52,361
	74,480	82,126
	(Unaudited) Three months period ended June 30, 2017 ------(Rupees in '000)-----	(Audited) March 31, 2016
	Note	2016 ------(Rupees in '000)-----
11. COST OF SALES		
Finished goods at beginning of the period	537,753	391,372
Cost of goods manufactured	14,483,240	12,262,510
Purchases	1,257,343	1,058,601
	15,740,583	13,321,111
Finished goods at end of the period	16,278,336 (530,348)	13,712,483 (444,983)
	15,747,988	13,267,500
11.1 Cost of goods manufactured		
Work-in-process at beginning of the period	4,636	55,725
Raw materials and components consumed	12,245,163	10,314,724
Factory overheads	2,294,975	1,949,161
	14,540,138	12,263,885
	14,544,774	12,319,610
Work-in-process at end of the period	(61,534)	(57,100)
	14,483,240	12,262,510

11. EARNINGS PER SHARE - basic

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2017 ------(Rupees in '000)-----	2016 ------(Rupees in '000)-----
Net profit for the period	1,100,171	850,445
Weighted average number of ordinary shares in issue during the period	103,406,613	103,406,613
Basic earnings per share	10.64	8.22

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,481,672	1,151,929
Adjustments for non-cash charges and other items:		
Depreciation of operating fixed assets	232,474	184,991
Amortisation of intangible assets	1,785	1,133
Net gain / (loss) in fair value of investments at fair value through profit of loss	(1,082)	104,397
Dividend Income	-	(155,786)
Gain on sale of investments	(70,279)	(34,559)
Mark-up / interest on saving deposit accounts and TDRs	(99,085)	(61,412)
Share of profit of an Associated Company	(14,201)	(11,008)
Workers' profit participation fund	79,575	61,923
Workers' welfare fund	30,238	23,500
Provision for compensated absences	7,107	7,950
Provision for gratuity	5,520	5,908
Loss on disposal of fixed assets	2,663	-
Working capital changes	(592,277)	123,967
	1,064,110	1,402,933
13.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(70,019)	(10,025)
Stock-in-trade	(654,496)	(321,698)
Trade debts	(121,125)	(51,714)
Loans and advances	(690)	(4,669)
Trade deposits and prepayments	44,824	30,570
Other receivables	2,390	1,003
	(799,116)	(356,533)
Decrease in trade and other payables	206,839	480,500
	(592,277)	123,967

14. FINANCIAL RISK MANAGEMENT

14.1 Financial risk factors

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

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended March 31, 2017.

14.2 Fair value estimation

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

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

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

	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	6,279,340	-	-	6,279,340

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

15. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	(Unaudited) Three months period ended June 30,	
		2017	2016
		------(Rupees in '000)-----	
(i) Parent Company	Dividend paid	1,003,083	828,710
	Rent	13,417	12,197
(ii) Associates	Sales:		
	- goods and services	220,067	183,179
	- operating fixed assets	7,212	9,486
	Purchases:		
	- goods and services	4,486,957	3,549,387
	- operating fixed assets	13,693	31,633
	Sale of units in mutual funds	2,863,896	2,235,622
	Purchase of units in mutual funds	2,025,000	1,600,000
	Dividend received from mutual funds	-	148,419
	Royalty	789,888	721,708
	Export commission	4,514	960
	Commission income	1,266	950
	Insurance premium paid	26,852	10,902
	Insurance claims received	1,202	269
	Reimbursement of expenses - net	725	747
(iii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	15,045	16,334
(iv) Key management personnel	Managerial remuneration and benefits	30,666	29,607
	Retirement benefits	1,538	1,425

(Unaudited)
June 30,
2017
------(Rupees in '000)-----

(Audited)
March 31,
2017

15.2 Period / year end balances are as follows:

Receivables from related parties		
Trade debts	16,240	8,704
Payables to related parties		
Trade and other payables	1,157,556	927,480


16. CORRESPONDING FIGURES

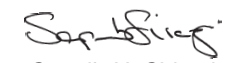
In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2017 and the 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, 2016.

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

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on July 31, 2017 by the Board of Directors.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer