



Atlas Honda Limited

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



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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

Saqib H. Shirazi
Chief Executive Officer

Umair Mukhtar
Company Secretary

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

Saqib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saqib 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 Shujaiddin
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

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
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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
these locations.

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the nine months period ended December 31, 2016.

The Economy

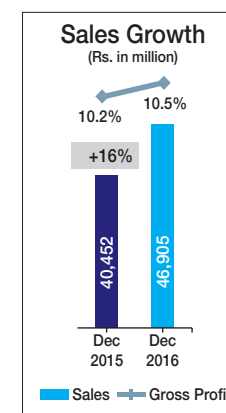
The economy is on a sustainable growth path with most of the indicators showing a positive trend. The GDP is projected to grow at 5.2% for the fiscal year 2016-17, compared to 4.7% of last year. The improved outlook is derived from the cumulative impact of the Government's economic and structural reforms programs, sustained lower oil prices and the gradually improving law and order situation. The foreign exchange reserves stood at the highest ever level of USD 23.3 billion. The strong reserves position averted a significant depreciation in the Rupee, which remained relatively firm despite weakening of regional currencies. Inflation remained under control at 3.9% due to stagnant oil prices and steady exchange rate. Acknowledging the improving macros, the SBP has maintained a status quo on the policy rate since May 16 and maintained it at a 40 year low level. Tax revenues increased to Rs. 1.46 trillion against Rs. 1.37 trillion of last year. The improved economic indicators, together with PSX's divestment to a Chinese consortium, kept the momentum going in the capital markets. Resultantly, the PSX 100 index reached an all-time high of 47,807 points. On the other hand, the current account deficit stood at USD 2.6 billion, up by 91%. This was on account of an unfavorable trade balance, slowdown in workers' remittances and reduced foreign direct investment. Exports have declined by 3.8% year on year to USD 9.9 billion. Imports on the other hand have been on an uptrend and increased by 10.1% to USD 24.4 billion. Exports have slowed down as global demand remains weak while non-oil imports such as machinery have been increasing.

The agriculture sector continues to improve. Better water flow and subsidy on fertilizers has contributed to robust growth and better yields of the Kharif crops. Also, stable crop prices and expected better results from the Rabi crop have contributed positively in improving the future prospects of this sector. Other components of agriculture like livestock, fishing and forestry are also showing progressive growth. Resultantly, the demand for consumer durables has started picking up pace in the rural areas.

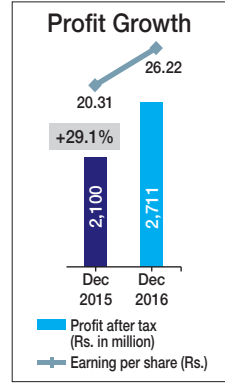
Large Scale Manufacturing (LSM) exhibited signs of continued progress and posted growth of 3.4% during 5MFY17. Steel, cement, pharmaceutical and automobile sector were major contributors. The motorcycle industry also showed strong growth and touched the ever highest level of production.

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 strengthening its business foundation. As a result of these efforts, the Company registered revenue of Rs. 46.9 billion, which is 16% higher compared to that of the corresponding period. The improvement in sales translated in increased gross profit of Rs. 4.9 billion, up by 19%. Strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 1.2 billion, a year on year increase of 7% which is attributable to higher volumes and spending on promotional campaigns to



support the core business. Administrative expenses registered an increase of 15% over the corresponding period primarily due to increase in personnel cost and effects of general inflation. Other operating income, net of financial cost, registered at Rs. 588.6 million, which is an encouraging 39.2% higher than the corresponding period on account of efficient treasury operations. An impressive topline allowed the Company to outperform its previous best efforts as the Company achieved profit after tax of Rs. 2.7 billion an increase of 29.1%. Consequently, the Company has achieved Earnings per Share of Rs. 26.22 per share as against Rs. 20.31 per share for the corresponding period last year.



The continuous improvement in macro-economic indicators has set the foundation of higher and sustained economic growth. Availability of energy supplies and improvement in law and order situation has promoted business climate. The country is undergoing an economic transformation through CPEC which if concluded satisfactorily will debottleneck Pakistan's basic infrastructure needs. Overall, this will have a positive spillover effect on domestic industrial growth.

However, the risk emanating from the current economic global turbulence will have to be closely watched. Also, recent announcement by OPEC regarding reduction in oil production may increase cost of import bills with possible hike in inflation. On the other hand, bright agricultural prospects and timely supportive measures by Government are expected to bring positive results to the economy. The combined effect is expected to sustain the demand of the two wheeler segment.


With the timely completion of the second production line at the Shekhupura plant, production capacity has increased from 0.75 million to 1.35 million units annually. The Company is optimistic in using the enhanced capacity to grow and hopes to strengthen operating results further through the expected volume benefits.

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.

Dated: January 30, 2017
Karachi


Yusuf H. Shirazi

مستقبل کے خدو خال

میکرو اکنامک اشاروں میں بہتری ہمیں آئندہ آنے والے سالوں میں پاکستان کی پائیدار معاشی ترقی کے لیے پرامید ہونے کا عندیہ دیتی ہے۔ توانائی کی دستیابی اور امن و آمان کی صورت حال میں بہتری نے کاروباری ماحول کو فروغ دیا ہے۔ ملک CPEC منصوبے کے تحت معاشی تبدیلیوں سے گزر رہا ہے جو کہ بہتر انداز میں انجام دہی کی صورت میں پاکستان کے بنیادی انفراسٹرکچر میں بہتری کا سبب بنے گا۔ مجموعی طور پر یہ پروجیکٹ مقامی انڈسٹری کی ترقی پر مثبت اثرات مرتب کرے گا۔

تاہم، موجودہ عالمی معاشی سرگرمیوں سے پیدا ہونے والے خطرات پر گہری نگاہ رکھنے کی اشد ضرورت ہے۔ اس کے ساتھ ساتھ، اوپیک کی جانب سے تیل کی پیداوار میں کمی کے اعلان کے سبب درآمدی بل کی لاگت میں اضافہ ہو سکتا ہے جس سے ممکنہ طور پر افراط زر میں اضافہ ہو سکتا ہے۔ دوسری جانب، زرعی شعبے میں روشن امکانات اور حکومت کی جانب سے بروقت تعاون و حمایت کے سبب توقع ہے کہ معیشت پر مثبت نتائج مرتب ہوں گے۔ توقع کی جاتی ہے کہ مشترکہ کوششوں کے سبب دو وہیلر سیکٹور میں طلب کو برقرار رکھنے کے لیے مدد ملے گی۔

ٹیٹو پورہ پلانٹ پر دوسری پروڈکشن لائن کی بروقت تکمیل کی وجہ سے کمپنی کی صلاحیت میں توسیع 0.75 ملین سے 1.35 ملین یونٹس سالانہ ہو گئی ہے۔ ہم صلاحیتوں میں توسیع اور آپریٹنگ نتائج میں اضافے کے سبب کمپنی کو مزید مستحکم بنانے کے لیے پرامید ہیں۔

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

توثیقی بیان

دی اٹلس گروپ ہنڈا موٹور کمپنی سے باہمی 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 پراختیاء، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرازی (سی ای او) کو ان کی پراثر قیادت اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویٹرز، ایسوسی اٹس اور شیئرز ہولڈرز کا بے حد ممنون و مشکور ہوں، جن کی مدد سے اٹلس ہنڈا ایجنڈہ کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔



جناب یوسف ایچ شیرازی

بتاریخ: 30 جنوری 2017
کراچی

چیرمین کا جائزہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2016 کو مکمل ہونے والے 9 ماہ کے لیے کمپنی کی غیر ترمیم شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

معیشت

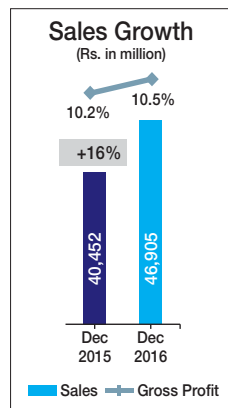
ملکی معیشت نے ہموار ترقی کے ساتھ مثبت رجحانات کے اشارے دیئے۔ GDP کی شرح ترقی سال 2016-17 کے لیے بڑھنے کی امید 5.2 فیصد تھی جبکہ مالی سال 2016-17 کے لیے یہی شرح 4.7 فیصد تھی۔ ان بہترین نتائج کا سبب حکومت کی جانب سے معاشی اور اصلاحاتی پروگرامز، تیل کی مستحکم قیمتیں اور بتدریج بہتر ہوتی امن و آمان کی صورتحال ہے۔ زرمبادلہ کے ذخائر پہلی مرتبہ 23.3 بلین ڈالر کی بلند ترین سطح پر پہنچے۔ ان مضبوط ذخائر کے سبب روپے کی قیمت میں قدرے استحکام رہا جو کہ دیگر علاقائی کرنسیوں کے کمزور ہونے کے باوجود بھی مستحکم پوزیشن پر برقرار رہی۔ مستحکم ایکسیچ ریٹس اور تیل کی قیمتوں کی اپنی سطح پر برقرار رہنے کے سبب افراط زر کی شرح قابو میں رہتے ہوئے 3.9 فیصد پر برقرار رہی۔ موجودہ رجحان کو دیکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے مئی 2016 کا پالیسی ریٹ برقرار رکھا جو کہ 40 سال میں کم ترین ہے۔ ٹیکس محصولات اضافے کے ساتھ 1.46 ٹریلین روپے رہیں جو کہ گزشتہ سال 1.37 ٹریلین روپے تھیں۔ پاکستان اسٹاک ایکسیچ کے چائنیز کنسوٹیم سے ملاپ نے کمپنل مارکیٹ میں ترقی کا سلسلہ جاری رکھا، جس سے معاشی اشاروں میں بہتری آئی۔ جس کے نتیجے میں پاکستان اسٹاک ایکسیچ 47,807 پوائنٹس کی اپنی بلند ترین سطح پر جا پہنچی۔ دوسری جانب موجودہ اکاؤنٹ پوزیشن 91 فیصد اضافے کے ساتھ 2.6 بلین ڈالر کا خسارہ ظاہر کر رہی ہے۔ اس کا سبب تجارتی توازن میں بگاڑ، بیرون ملک مقیم کارکنان کی جانب سے ترسیلات زر میں کمی اور براہ راست غیر ملکی سرمایہ کاری میں کمی ہے۔ برآمدات 3.8 فیصد کمی کے ساتھ 9.9 بلین ڈالر کم ہوئیں جبکہ درآمدات میں 10.1 فیصد اضافے کے ساتھ 24.4 بلین ڈالر کا اضافہ ہوا۔ برآمدات میں کمی کا سبب عالمی سطح پر طلب میں کمی جبکہ نان آئل درآمدات جیسے کہ مشینری میں اضافہ ہے۔

زرعی شعبے کی کارکردگی میں بہتری آئی۔ پانی کے بہاؤ میں بہتری اور فرٹیلائزرز کی قیمتوں پر سبسڈی کے سبب ترقی کا رجحان جاری رہا اور تریف کی فصل میں واضح بہتری دیکھنے میں آئی تاہم بیج کی کاشت کے حوصلہ افزاء نتائج اور اجناس کی مستحکم قیمتوں کے سبب مستقبل میں زرعی شعبے میں مثبت بہتری کے امکانات کو مضبوط کیا۔ اسی طرح لائیو اسٹاک، ہشنگ اور جنگلات کے شعبوں میں ترقی کا عمل دیکھا گیا۔ دیہی علاقوں میں عام استعمال کی اشیاء کی طلب میں اضافہ ہو رہا ہے۔

بڑے پیمانے پر مینوفیکچرنگ نے مثبت اشارے ظاہر کیے اور مالی سال 2017 کے ابتدائی پانچ ماہ میں 3.4 فیصد ترقی ریکارڈ کی گئی ہے۔ اس سلسلے میں زیادہ شراکت داری آئیل، سینٹ، اڈویاٹ اور آٹوموبائل سیکٹرز کی جانب سے ہے۔ موٹر سائیکل انڈسٹری نے بھی پائیدار ترقی کا مظاہرہ کیا اور پروڈکشن اپنی بلند ترین سطح پر پہنچ گئی ہے۔

آپریٹنگ نتائج

کمپنی نے اعلیٰ اقدار کی فروغ کے لیے اپنے عزم کو برقرار رکھا۔ ان سب کا حصول کاروباری ذرائع پر توجہ مرکوز رکھتے ہوئے امور انجام دینے کی صلاحیتوں، قیمتوں کے خدو خالی کی بہتری، ترقی کے منصوبوں کی تکمیل اور کاروباری بنیادوں کو مضبوط بنانے کے ذریعے کیا گیا۔ ان تمام کوششوں کے سبب کمپنی کا خالص منافع 46.9 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران حاصل کیے گئے منافع سے 16 فیصد زیادہ ہے۔ فروخت میں اضافے کے سبب گروس پروفٹ 19 فیصد اضافے سے 4.9 بلین روپے رہا۔ لاگت میں بچت، بہتر سیکلز اور آپریشن کے اقدامات نے اس سلسلے میں اہم کردار ادا کیا۔ سیکلز اور مارکیٹنگ کے اخراجات بڑھ کر 1.2 بلین روپے رہے جو کہ ساہا سال 7 فیصد اضافہ ہے۔ جس کا مقصد تشہیر اور مواصلات کی سرگرمیوں کے ذریعے کاروبار کو سپورٹ مہیا کرنا ہے۔ افراط زر اور ذاتی اخراجات میں اضافے کے سبب انتظامی اخراجات میں 15 فیصد اضافہ دیکھا گیا۔ دیگر آپریٹنگ آمدنی، نیٹ فنانسنگ آمدنی، نیٹ فنانسنگ آمدنی اور 588.6 بلین روپے پر ریکارڈ کی گئیں جو کہ گزشتہ سال اسی مدت کے دوران موٹر ٹریڈری آپریٹنگ کے لحاظ سے 39.2 فیصد زیادہ ہے۔ اوپریٹنگ پر ہونے والے موثر اقدامات کے سبب کمپنی نے اپنی گزشتہ کارکردگی کے مقابلے میں اور بھی بہتر کارکردگی دکھائی اور بعد از ٹیکس 2.7 بلین منافع حاصل کیا جو کہ 29.1 فیصد زیادہ ہے۔ اسی طرح کمپنی کی فی نیٹ حصص آمدنی 26.22 روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 20.31 روپے فی حصص تھی۔



Condensed Interim Balance Sheet (Unaudited)

As at December 31, 2016

Note	(Unaudited) December 31, 2016	(Audited) March 31, 2016	
	----- (Rupees in '000) -----		
ASSETS			
Non-current Assets			
Property, plant and equipment	5	6,959,686	5,817,700
Intangible assets		278	5,379
Long term investments	6	268,464	245,508
Long term loans and advances		27,322	28,027
Long term deposits		15,425	14,937
		7,271,175	6,111,551
Current assets			
Stores, spares and loose tools		520,441	489,415
Stock-in-trade		2,264,053	1,863,482
Trade debts		640,968	608,420
Loans and advances		39,001	35,877
Trade deposits and prepayments	7	178,799	64,770
Short term investments	8	5,991,845	5,876,554
Accrued mark-up / interest		32,461	16,842
Other receivables		1,655	4,910
Taxation - net		503,001	542,121
Bank balances		5,934,028	4,755,020
		16,106,252	14,257,411
		23,377,427	20,368,962
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
150,000,000 (March 31, 2016: 150,000,000) ordinary shares of Rs.10 each		1,500,000	1,500,000
Issued, subscribed and paid up capital			
103,406,613 (March 31, 2016: 103,406,613) ordinary shares of Rs.10 each		1,034,066	1,034,066
Reserves		11,179,993	9,968,057
		12,214,059	11,002,123
Liabilities			
Non current liabilities			
Compensated absences		221,664	214,620
Deferred taxation		524,748	566,749
		746,412	781,369
Current liabilities			
Trade and other payables	9	10,416,956	8,585,470
		11,163,366	9,366,839
Contingencies and commitments			
	10	23,377,427	20,368,962

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

Yusuf H. Shirazi

Yusuf H. Shirazi
Chairman

Saqui H. Shirazi


Saqui H. Shirazi
Chief Executive Officer

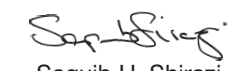
Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Period Ended December 31, 2016

Note	Quarter ended December 31,		Nine months period ended December 31,	
	2016	2015	2016	2015
----- (Rupees in '000) -----				
Sales - net	17,236,588	14,157,443	46,904,938	40,451,678
Cost of sales	11 (15,436,642)	(12,689,646)	(41,976,755)	(36,325,228)
Gross profit	1,799,946	1,467,797	4,928,183	4,126,450
Sales and marketing expenses	(408,678)	(383,747)	(1,163,432)	(1,089,505)
Administrative expenses	(139,525)	(119,391)	(414,942)	(359,372)
Other income	212,116	156,287	606,881	432,661
Other operating expenses	(109,500)	(87,784)	(298,411)	(232,553)
Profit from operations	1,354,359	1,033,162	3,658,279	2,877,681
Finance cost	(3,861)	(2,149)	(18,244)	(9,668)
	1,350,498	1,031,013	3,640,035	2,868,013
Share of profit of an Associated Company - net of tax	9,999	9,038	37,197	32,021
Profit before taxation	1,360,497	1,040,051	3,677,232	2,900,034
Taxation	(359,923)	(285,437)	(965,900)	(799,900)
Profit after taxation	1,000,574	754,614	2,711,332	2,100,134
Other comprehensive income	-	-	-	-
Total comprehensive income	1,000,574	754,614	2,711,332	2,100,134
----- (Rupees) -----				
Earnings per share				
- basic and diluted	9.68	7.30	26.22	20.31

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

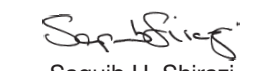
Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Period Ended December 31, 2016

Note	Nine months period ended December 31,	
	2016	2015
----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	12 5,117,425	4,447,402
Income tax paid	(968,780)	(1,015,825)
Contributions made to gratuity funds	(25,355)	(26,765)
Compensated absences paid	(8,567)	(11,271)
Mark-up / interest received	201,288	176,737
Workers' profit participation fund paid	(288,498)	(172,514)
Workers' welfare fund paid	(72,771)	(60,873)
Long term loans and advances - net	705	(928)
Long term deposits - net	(488)	(1,839)
Net cash generated from operating activities	3,954,959	3,334,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,785,084)	(580,036)
Proceeds from sale of property, plant and equipment	37,252	106,910
Purchase of intangible assets	-	(457)
Investments acquired	(3,800,000)	(10,288,689)
Proceeds from sale of investments	4,055,608	9,248,581
Dividend received	215,669	55,872
Net cash (used in) / generated from investing activities	(1,276,555)	(1,457,819)
CASH USED IN FINANCING ACTIVITY		
Dividend paid	(1,499,396)	(1,229,743)
Net increase / (decrease) in cash and cash equivalents	1,179,008	646,562
Cash and cash equivalents at beginning of the period	4,755,020	3,409,200
Cash and cash equivalents at end of the period	5,934,028	4,055,762

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 Nine Months Period Ended December 31, 2016

(Rupees in '000)

	Issued, subscribed and paid up capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
Balance as at April 1, 2015 (Audited)	1,034,066	39,953	165	5,332,000	2,832,361	9,238,545
Transfer to general reserve	-	-	-	830,000	(830,000)	-
Transaction with owners, recognised directly in equity						
Final dividend for the year ended March 31, 2015 at the rate of Rs.12 per share	-	-	-	-	(1,240,879)	(1,240,879)
Total comprehensive income for the nine months period ended December 31, 2015						
Profit for the period	-	-	-	-	2,100,134	2,100,134
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,100,134	2,100,134
Balance as at December 31, 2015 (Unaudited)	1,034,066	39,953	165	6,162,000	2,861,616	10,097,800
Total comprehensive income for three months period ended March 31, 2016						
Profit for the period	-	-	-	-	901,665	901,665
Other comprehensive income	-	-	-	-	2,658	2,658
	-	-	-	-	904,323	904,323
Balance as at March 31, 2016 (Audited)	1,034,066	39,953	165	6,162,000	3,765,939	11,002,123
Transfer to general reserve	-	-	-	830,000	(830,000)	-
Transaction with owners, recognised directly in equity						
Final dividend for the year ended March 31, 2016 at the rate of Rs.14.50 per share	-	-	-	-	(1,499,396)	(1,499,396)
Total comprehensive income for the nine months period ended December 31, 2016						
Profit for the period	-	-	-	-	2,711,332	2,711,332
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,711,332	2,711,332
Balance as at December 31, 2016 (Unaudited)	1,034,066	39,953	165	6,992,000	4,147,875	12,214,059

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 Nine Months Period Ended December 31, 2016

1. THE COMPANY AND ITS ACTIVITIES

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. 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 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 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 significant accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with 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. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended March 31, 2016.

	(Unaudited) December 31, 2016	(Audited) March 31, 2016
Note	-----	-----
	----- (Rupees in '000) -----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	6,696,486	5,305,997
Capital work-in-progress		263,200	511,703
		<u>6,959,686</u>	<u>5,817,700</u>

		(Unaudited) December 31, 2016	(Audited) March 31, 2016
	Note	------(Rupees in '000)-----	
5.1 Operating fixed assets			
Book value at beginning of the period / year		5,305,997	4,752,195
Additions during the period / year	5.2	2,033,588	1,369,078
Disposals and written-off costing Rs.356,895 thousand (March 31, 2016: Rs.487,755 thousand) - at book value		(61,480)	(129,481)
Depreciation charge for the period / year		(581,619)	(685,795)
Book value at end of the period / year		<u>6,696,486</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:			
Freehold land		-	219,970
Buildings on freehold land		425,500	64,214
Buildings on leasehold land		-	1,627
Plant and machinery		1,272,683	729,310
Dies and jigs		150,763	195,248
Factory equipment		30,551	25,578
Office equipment		2,254	3,722
Computers and accessories		9,846	29,565
Furniture and fixtures		22,630	4,870
Electric and gas fittings		2,015	19,002
Vehicles		117,346	75,972
		<u>2,033,588</u>	<u>1,369,078</u>
6. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	6.1	268,464	245,508
Others - available for sale	6.3	-	-
		<u>268,463</u>	<u>245,508</u>
6.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance at beginning of the period / year		245,508	216,283
Add: Share of post acquisition profit - net of tax		37,206	43,475
Less : Dividend received during the period		14,250	(14,250)
Balance at end of the period / year		<u>268,464</u>	<u>245,508</u>
6.2			
The value of investment is based on unaudited condensed interim financial information of the investee company as at December 31, 2016.			
6.3 Others - available for sale Arabian Sea Country Club Limited			
200,000 (March 31, 2016: 200,000) ordinary shares of Rs.10 each - cost		2,000	2,000
Less: Impairment in the value of investment		2,000	2,000
		<u>-</u>	<u>-</u>

		(Unaudited) December 31, 2016	(Audited) March 31, 2016
	Note	------(Rupees in '000)-----	
Automotive Testing & Training Centre (Private) Limited			
50,000 (March 31, 2016: 50,000) ordinary shares of Rs.10 each - cost		500	500
Less: Impairment in the value of investment		500	500
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
7. TRADE DEPOSITS AND PREPAYMENTS			
Include prepayments of Rs.145,409 thousand (March 31, 2016: Rs.59,370 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.			
		<u>5,227,357</u>	<u>5,144,142</u>
		<u>764,488</u>	<u>732,412</u>
		<u>5,991,845</u>	<u>5,876,554</u>
8. SHORT TERM INVESTMENTS			
- at fair value through profit or loss			
Investments in units of mutual funds:			
- Related parties		5,227,357	5,144,142
- Others		764,488	732,412
		<u>5,991,845</u>	<u>5,876,554</u>
9. TRADE AND OTHER PAYABLES			
Creditors		2,817,234	2,411,945
Accrued liabilities		1,975,984	1,643,251
Royalty payable		788,441	665,055
Warranty obligations		48,469	40,269
Advances from customers		4,106,812	3,214,454
Retention money		3,178	3,379
Sales tax payable - net		185,341	117,232
Workers' profit participation fund		197,498	215,727
Workers' welfare fund		83,931	81,652
Payable to staff retirement benefit funds - gratuity		35,962	43,694
Sind government infrastructure fee		109,910	78,285
Unclaimed dividend		44,620	48,703
Others		19,576	21,824
		<u>10,416,956</u>	<u>8,585,470</u>
10. CONTINGENCIES AND COMMITMENTS			
10.1 Contingencies			
10.1.1			
There is no change in status of the contingencies as disclosed in note 24.1.1 of the audited annual financial statements of the Company for the year ended March 31, 2016.			
		<u>1,977,945</u>	<u>386,196</u>
10.1.2			
Guarantees issued by banks on behalf of the Company		<u>1,977,945</u>	<u>386,196</u>

	(Unaudited) December 31, 2016 ------(Rupees in '000)-----	(Audited) March 31, 2016
10.2 Commitments		
10.2.1 Commitments in respect of:		
- capital expenditure, raw materials and components through confirmed letters of credit	675,163	1,209,965
- capital expenditure other than letters of credit	93,634	239,842

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

	(Unaudited) December 31, 2015 ------(Rupees in '000)-----	(Audited) March 31, 2015
Not later than 1 year	23,770	26,574
Over 1 year and not later than 5 years	41,298	46,489
	65,068	73,063

	(Unaudited)			
	Quarter ended December 31, 2016	2015	Nine months period ended December 31, 2016	2015
Note	------(Rupees in '000)-----			

11. COST OF SALES

Opening stock of finished goods	409,502	313,752	391,372	311,219
Cost of goods manufactured	13,468,366	12,084,880	38,352,546	33,961,073
Purchases	1,972,615	809,078	3,646,678	2,571,000
	15,440,981	12,893,958	41,999,224	36,532,073
	15,850,483	13,207,710	42,390,596	36,843,292
Closing stock of finished goods	(413,841)	(518,064)	(413,841)	(518,064)
	15,436,642	12,689,646	41,976,755	36,325,228

11.1 Cost of goods manufactured

Opening stock of work-in-process	66,988	42,861	2,858	25,131
Raw materials and components consumed	11,112,004	10,248,997	32,114,463	28,738,533
Factory overheads	2,345,064	1,840,582	6,290,915	5,244,969
	13,457,068	12,089,579	38,405,378	33,983,502
	13,524,056	12,132,440	38,408,236	34,008,633
Closing stock of work-in-process	(55,690)	(47,560)	(55,690)	(47,560)
	13,468,366	12,084,880	38,352,546	33,961,073

12. CASH GENERATED FROM OPERATIONS

	(Unaudited) December 31, 2016 ------(Rupees in '000)-----	(Unaudited) 2015 ------(Rupees in '000)-----
Profit before taxation	3,677,232	2,900,034
Adjustments for non-cash charges and other items:		
Depreciation	581,619	508,272
Amortization of intangible assets	5,101	5,751
Provision for compensated absences	15,611	29,354
Provision for gratuity	17,623	17,722
Mark-up / interest on savings accounts and term deposit receipts	(216,907)	(194,215)
Gain on sale of investments	(262,904)	(72,224)
Net change in fair value of investments at fair value through profit or loss	(107,996)	(52,277)
Dividend income	(201,419)	(41,622)
Gain on disposal of non current assets classified as held for sale	-	-
Workers' profit participation fund	270,269	156,629
Workers' welfare fund	75,049	59,519
Loss on disposal of operating fixed assets	24,228	14,874
Share of profit of an Associated Company	(37,206)	(32,021)
Changes in working capital	12.1 1,277,125	1,147,606
	5,117,425	4,447,402
12.1 Changes in working capital		
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(31,026)	(49,238)
- Stock-in-trade	(400,571)	(708,622)
- Trade debts	(32,548)	(48,671)
- Loans and advances	(3,124)	4,543
- Trade deposits and prepayments	(114,029)	(60,021)
- Other receivables	3,255	(266)
	(578,043)	(862,275)
Increase in trade and other payables	1,855,168	2,009,881
	1,277,125	1,147,606

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including 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 annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2016.

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

14. TRANSACTIONS WITH RELATED PARTIES

14.1 Significant transactions with related parties are as follows:

	(Unaudited) Nine months period ended December 31,	
	2016	2015
	----- (Rupees in '000) -----	
Associated companies		
Sales of:		
- goods and services	619,197	435,522
- operating fixed assets	15,111	99,010
Purchases of:		
- goods and services	13,318,498	9,508,669
- operating fixed assets	82,105	32,644
Sale of units in mutual funds	4,185,622	8,017,623
Purchase of units in mutual funds	3,945,587	8,992,430
Royalty	2,161,199	1,768,828
Export commission	2,646	2,577
Technical assistance fee	7,709	15,237
Commission income	1,463	2,874
Rent	105,399	90,907
Insurance premium paid	202,807	185,452
Insurance claims received	2,211	16,567
Reimbursement of expenses - net	2,288	1,908
Dividend paid	1,353,499	1,120,137
Dividend received	215,669	55,872
Donation paid	40,444	32,436
Other related parties		
Contributions paid to gratuity funds, provident fund / pension schemes	64,378	66,091
Salaries and other employment benefits	97,975	77,609

14.2 Period / year end balances are as follows:

	(Unaudited) December 31, 2016	(Audited) March 31, 2016
	----- (Rupees in '000) -----	
Receivables from related parties		
Property, plant and equipment	667	1,652
Trade debts	-	66,179
Payables to related parties		
Trade and other payables	86,709	890,671


These are in the normal course of business and are settled in ordinary course of business.


15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 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 nine months period ended December, 31, 2015.

16. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 30, 2017 by the Board of Directors of the Company.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer