



Quarterly Report December 31,

2017

2017

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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

Saqib H. Shirazi
Chief Executive Officer

Marrium Ahmed
Company Secretary

Saqib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saqib 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

Adeel Safdar
General Manager After Sales

Afaq Ahmed
General Manager Plants

Akmal Dar
General Manager Production, Planning
& Control.

Faisal Iqbal
General Manager Human Resources
& Administration

Khawaja Shujauddin
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

Shahzada Jamal
Head of Information Technology

Tanvir Hyder
General Manager Supply Chain

Audit Committee

Sanallah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Naeem Mohsin
Head of Internal Audit

Marrium Ahmed
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
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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

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26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
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Branch Offices & Customer Care Centres

Azmat Wasti Road, Multan
Tel: (92-61) 4570413-14
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Islamabad Corporate Center,
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Hyderabad.
Phone: (022) 3411361-9
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4 - Liaquat Road, Faisalabad
Tel: (92-41) 2541011-7, 2541014

1st Floor, 28-Mazang Road, Lahore
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Show Room

West View Building, Preedy Street, Saddar,
Karachi
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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, 2017.

THE ECONOMY

The economy is maintaining growth momentum despite external headwinds. This was on account of a broad base pick up in industrial output, gains in factors supporting agriculture and growth in private sector credit. This implies that the prospects of achieving 6.0% GDP growth continues to be strong which, in turn would lead to an improved capacity to accommodate rising domestic demand. CPI Inflation averaged at 3.8% - well below the annual inflation target of 6.0%. However, higher international oil prices and imposition of regulatory duty on non-essential import items are expected to increase inflation in the coming months. On the fiscal front, FBR provisionally collected taxes worth Rs.1,722 billion during 6 months of the fiscal year 2017-18 showing a growth of 17.5% as compared to the corresponding period of last year. Accordingly, to maintain growth momentum and keep inflation under control, SBP has decided to marginally raise the policy rate by 25 bps to 6.0%.

Despite encouraging signs there are certain underperforming areas which require attention. The current account deficit reached USD 7.4 billion during first half of the fiscal year 2017-18, up by 59% year on year. Delving deeper, exports registered a growth of 11% while imports increased at much faster rate of 19% leaving trade deficit at USD 18.0 billion. Foreign remittances recorded a modest increase of 2.5%. Despite rise in CPEC related inflows by 2.4 times, foreign direct investment (FDI) fell by 2.8% to USD 1.4 billion in first half of the fiscal year 2017-18. The rising import bill coupled with debt servicing led the foreign exchange reserves to decline by 6% to USD 20.2 billion. Resultantly, the Pak rupee depreciated sharply by over 5% against USD and closed at 110.5. Going forward, progress on CPEC related projects and other official proceeds will be instrumental in managing the overall balance of payments. The performance of the stock market remained lackluster, as PSX 100 Index dropped by around 32% since its high in May 2017 of 53,217 to 40,471 points.

Barring any unfavorable seasonal events, the agriculture sector is expected to perform better for the second consecutive year. This is explained by an increase in both the cultivated area and the fertilizer off-take during the Kharif season, on-going trend of investment in mechanization, higher uptick in agricultural credit and unchanged support price for wheat at the time of its sowing.

Large Scale Manufacturing (LSM) growth has surpassed its earlier expectations as it has been recorded at 9.6% during Jul-Oct 2017 as compared to 2.1% of same period last year. The noticeable growth in LSM is attributable to the expanding consumer demand, improved security conditions & energy supplies, enhancement of production capacities, sizeable credit off-take and support from CPEC projects. The two wheeler industry also showed strong growth on the back of rising domestic demand 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 investment in new technologies. As a result of these efforts, the Company registered net sales of Rs. 56.51 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. 6.18 billion, up by 25%. Strong contributions came from cost efficiencies, better sales mix and other operational measures. Sales and marketing expenses rose to Rs. 1.35 billion, a year on year increase of 16% which is attributable to higher volumes and spending on promotional campaigns to support core business. Administrative expenses registered an increase of 16% over the corresponding period primarily due to increase in personnel cost and effects of general inflation. Other income, net of financial charges, contributed Rs. 636.72 million to the bottom line, 2% higher than the comparative period. The topline allowed the Company to outperform its previous best efforts as the Company has achieved profit after tax of Rs. 3.41 billion, an increase of 26%. This translated into Earnings per Share (EPS) of Rs. 33.00 against Rs. 26.22 for the corresponding period last year.

FUTURE OUTLOOK

The current progress shows that Pakistan's economy is well poised to maintain growth momentum. However, in order to achieve virtuous equilibrium of high growth and low inflation, there is an urgent need to address long-standing structural reforms in the fiscal and external sectors. Moving ahead, increasing international oil prices, strong imports, flat remittances and external debt servicing are key risks to the economy. Focus on exports through supportive packages and timely realization of financial inflows is necessary to give respite to the balance of payment. Besides, continuous progress on CPEC related projects will provide impetus to the economy by enhancing regional connectivity. On the other hand, an upbeat industrial and agricultural outlook is going to have a positive spillover on the overall economy. The combined effect is expected to further improve the demand for two wheelers.

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 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".

ع۔ خُدارحمٰت کنند ايس عاشقانِ پاک طينت را

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 31, 2018
Karachi



Yusuf H. Shirazi

مستقبل کے خدو خال

موجودہ ترقی ظاہر کرتی ہے کہ پاکستانی معیشت ترقی کے جاری رجحان کو برقرار رکھنے کے لیے بالکل تیار ہے۔ تاہم، پائیدار ترقی اور کم افراط زر کی منصفانہ مساوات حاصل کرنے کے لیے مالی اور بیرونی شعبوں میں طویل المدت اصلاحات کے نفاذ کی اشد ضرورت ہے۔ عالمی سطح پر تیل کی بڑھتی قیمتیں، مضبوط درآمدات، زرمبادلہ میں کمی پیشی اور بیرونی قرضوں کی ادائیگی اس سلسلے میں لاحق خطرات ہو سکتے ہیں۔ ادائیگیوں کے توازن کو مہلت دینے کے لیے معاونتی ٹیکسیز کے ذریعے برآمدات پر توجہ مرکوز رکھنے اور مالیاتی بہاؤ پر بروقت نگاہ رکھنے کی ضرورت ہے۔ اس کے علاوہ، GPEC سے متعلقہ پروڈیکٹس پر جاری ترقی علاقائی رابطے کو بڑھانے کے ساتھ معیشت کے لیے بہتری فراہم کرنے کا باعث بنے گی۔ دوسری جانب، صنعتی ترقی اور اہم فصلوں کی شاندار پیداوار سے مجموعی طور پر معیشت پر بہترین اثرات مرتب ہوں گے۔ مشنر کو کوششوں سے توقع رکھی جاسکتی ہے کہ دو وھیر کی طلب برقرار رہے گی۔

کمپنی نے منافع بخش ترقی، مالیاتی چلک 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 نیکینا لوجی 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 تجربات اور مہارت سے فائدہ اٹھائے گی۔

ع۔ خُدارحمت کنند ایں عاشقانِ پاکِ طینتِ را

توثیق بیان

دی اٹلس گروپ ہنڈاموٹر 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 پر اعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، پورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب انجیئرز (سی ای او) کو ان کی پراثر قیادت اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویٹنرز، ایبوسٹی ایٹس اور ٹیبلر ہولڈرز کا بے حد ممنون و مشکور ہوں، جن کی مدد سے اٹلس ہنڈاموٹر کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔



جناب یوسف انجیئرز

بتاریخ: 31 جنوری 2018

کراچی

چیسر مین کا جائزہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2017 کو ختم ہونے والے نو ماہ کے لیے کمپنی کی غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

معیشت

بیرونی مشکلات کے باوجود معیشت کی ترقی کا سلسلہ جاری رہا۔ اس کی وجوہات صنعتی شعبے میں بہترین نتائج، زراعت کو سپورٹ مہیا کرنے والے عناصر اور پرائیویٹ سیکٹر کرڈٹ میں اضافہ ہے۔ جس کا مطلب یہ ظاہر ہوتا ہے کہ 6 فیصد شرح نمو کے حصول کے امکانات کافی مضبوط رہیں گے، جس کے نتیجے میں بڑھتی ہوئی مقامی طلب کو پورا کرنے کے لیے بہتر صلاحیت پیدا ہوگی۔ CPI افراط زر کا اوسط اپنے 6.0 فیصد ہدف کے مقابلے میں کم رہتے ہوئے 3.8 فیصد کی سطح پر رہا۔ تاہم، عالمی سطح پر تیل کی زیادہ قیمتوں اور سامان تقیش پر ریگولیٹری ڈیویٹیوں کے نفاذ سے آئندہ آنے والے مہینوں میں افراط زر میں اضافہ متوقع ہے۔ مالی محاذ پر مالی سال 2017-18 کے ابتدائی چھ ماہ میں ایف بی آر نے 1,722 بلین روپے ٹیکس وصول کیا ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 17.5 فیصد زیادہ ہے۔ ترقی کے جاری رجحان کو برقرار رکھنے اور افراط زر کو تاقا میں رکھنے کے لیے اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 25 bps کا معمولی سا اضافہ کرتے ہوئے 6.0 فیصد کر دیا ہے۔

ان تمام تر حوصلہ افزاء امکانات کے باوجود کچھ امور پر خاطر خواہ توجہ دینے کی اشد ضرورت ہے۔ مالی سال 2017-18 کی پہلی ششماہی میں کرنٹ اکاؤنٹ خسارہ 59 فیصد اضافے کے ساتھ 7.4 بلین ڈالر پر جا پہنچا۔ دوسری جانب برآمدات میں 11 فیصد اضافہ جبکہ درآمدات میں 19 فیصد اضافہ ہوا جس سے تجارتی خسارہ 18 بلین ڈالر رہا۔ غیر ملکی ترسیلات زر میں 2.5 فیصد کا معمولی سا اضافہ دیکھنے میں آیا۔ مالی سال 2017-18 کی پہلی ششماہی کے دوران CPEC سے وابستہ آمدنی میں 2.4 گنا اضافے کے باوجود براہ راست غیر ملکی سرمایہ کاری 2.8 فیصد کمی کے ساتھ 1.4 بلین ڈالر رہی۔ درآمدی بل میں اضافے اور ڈیہٹ سروسنگ کے سبب زرمبادلہ کے ذخائر 6 فیصد کمی کے ساتھ 20.2 بلین ڈالر رہے۔ جس کے نتیجے میں، پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں 5 فیصد گری اور امریکی ڈالر 110.5 روپے پر بند ہوا۔ CPEC سے متعلقہ منصوبوں اور ترقی کے دوسرے سرکاری طریقوں کی جانب پیش رفت سے ادائیگی کے مجموعی توازن کو منظم کرنے میں مددگار ثابت ہوگی۔ اسٹاک مارکیٹ کی کارکردگی بھی مندی کا شکار رہی اور PSX 100 انڈیکس مئی 2017 میں اپنی بلند ترین سطح 53,217 پوائنٹس کے مقابلے میں 32 فیصد کم ہو گیا۔

کسی بھی ممکنہ نامناسب موسمی تغیرات کے بغیر، زرعی شعبے سے لگاتار دوسرے سال بھی بہتر کارکردگی کی توقع ہے۔ اس کی وجوہات خریف کے موسم میں کاشتکاری کے علاقے میں بڑھو اور فرنیٹائرز کا زیادہ استعمال، مشینری میں جاری سرمایہ کاریاں، زیادہ زرعی قرضے اور بجائی کے وقت گندم کی غیر تبدیل شدہ قیمتیں ہیں۔

بڑے پیمانے پر مینوفیکچرنگ نے توقعات سے بھی آگے بڑھتے ہوئے شاندار کارکردگی کا مظاہرہ کیا ہے اور جولائی تا اکتوبر 2017 کے دوران گزشتہ سال کی 2.1 فیصد کے مقابلے میں 9.6 فیصد ترقی ریکارڈ کی گئی۔ بڑے پیمانے پر مینوفیکچرنگ میں زیادہ شراکت داری صارفین کی جانب سے بڑھتی ہوئی طلب، امن و آمان کی بہتر صورتحال، توانائی کی بہتر سپلائی، پیداواری گنجائش میں اضافہ، قرضہ جات کی مناسب فراہمی، اور CPEC سے متعلقہ پروجیکٹس میں معاونت شامل ہے۔ مقامی سطح پر طلب بڑھنے کے سبب دو ویکٹریل انڈسٹری نے زیادہ بہتر کارکردگی دکھائی ہے اور دو ویکٹریل پروجیکشن نے بلند ترین سطح کو چھوا لیا ہے۔

آپریٹنگ نتائج

کمپنی نے زیادہ سے زیادہ قیمت کی تخلیق کے لیے اپنے طویل المدت عزم کو جاری رکھا۔ اس سلسلے میں کاروباری وسائل کو آپریٹنگ امور میں بہتری لانے، لاگت کے طریقہ کار کو موثر بنانے، ترقی سے متعلقہ منصوبوں کو عملی شکل دینے اور نئی ٹیکنالوجی میں سرمایہ کاریاں کی گئی ہیں۔ اس کے نتیجے میں کمپنی کی نیٹ سبز 56.51 بلین روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران ہونے والی نیٹ سبز کے مقابلے میں 20 فیصد زیادہ ہے۔ سبز میں ہونے والی بہتری سے مجموعی منافع میں بہتری آئی اور یہ 25 فیصد اضافے کے ساتھ 6.18 بلین روپے ریکارڈ کیا گیا۔ لاگت میں موثریت، بہتر سیلز اور دیگر آپریٹنگ اقدامات کے سبب ایسا ممکن ہوا ہے۔ سبز اور مارکیٹنگ اخراجات 16 فیصد اضافے کے ساتھ 1.35 بلین روپے ہو گئے، اس اضافے کی وجہ بنیادی کاروبار کے تشہیر کے لیے کی جانے والی اشتہار سازی اور دیگر سرگرمیاں ہیں۔ انتظامی اخراجات میں گزشتہ سال کی نسبت 16 فیصد اضافہ ہوا جس کی وجہ ذاتی اخراجات اور افراط زر ہے۔ مالیاتی ادائیگیوں کے بعد دیگر آمدنی نے 636.72 بلین روپے کی شراکت داری کی ہے جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 2 فیصد زیادہ ہے۔ کمپنی نے اپنی ٹاپ لائن کے سبب غیر معمولی کارکردگی کا مظاہرہ کیا اور گزشتہ سال کے مقابلے میں 26 فیصد اضافے کے ساتھ بعد از ٹیکس 3.41 بلین منافع کمایا۔ جس سے آمدنی کی حصص گزشتہ سال کی 26.22 روپے مقابلے میں بڑھ کر 33.00 روپے ہو گئی۔

Condensed Interim Balance Sheet (Unaudited)

As at December 31, 2017

		(Unaudited) December 31, 2017	(Audited) March 31, 2017
	Note	----- (Rupees in '000) -----	
Assets			
Non current assets			
Property, plant and equipment	5	7,194,248	6,961,919
Intangible assets	6	47,230	37
Long term investments	7	319,269	292,342
Long term loans and advances		30,382	30,108
Long term deposits		18,175	17,339
		<u>7,609,304</u>	<u>7,301,745</u>
Current assets			
Stores, spares and loose tools		603,973	539,104
Stock-in-trade		2,873,009	2,123,831
Trade debts		846,797	623,331
Loans and advances		36,720	38,921
Trade deposits and prepayments	8	207,278	120,562
Accrued mark-up / interest		27,476	21,470
Other receivables		10,747	6,627
Taxation - net		875,047	732,706
Short term investments	9	7,441,916	7,080,669
Bank balances		7,983,787	7,053,784
		<u>20,906,750</u>	<u>18,341,005</u>
		<u>28,516,054</u>	<u>25,642,750</u>
Equity and Liabilities			
Equity			
Authorized capital 150,000,000 (March 31, 2017: 150,000,000) ordinary shares of Rs.10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital 103,406,613 (March 31, 2017: 103,406,613) ordinary shares of Rs.10 each		1,034,066	1,034,066
Reserves		<u>13,722,794</u>	<u>12,223,467</u>
		14,756,860	13,257,533
Liabilities			
Non current liabilities			
Compensated absences		240,074	228,443
Deferred taxation		631,736	670,968
		871,810	899,411
Current liabilities			
Trade and other payables	10	12,887,384	11,485,806
		<u>13,759,194</u>	<u>12,385,217</u>
Contingencies and commitments			
	11	<u>28,516,054</u>	<u>25,642,750</u>

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



Kashif Yasin
Chief Financial Officer

Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Period Ended December 31, 2017

	Note	Quarter ended December 31,		Nine months period ended December 31,	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
Sales		19,594,170	17,236,588	56,511,563	46,904,938
Cost of sales	12	(17,478,851)	(15,436,642)	(50,329,402)	(41,976,755)
Gross profit		2,115,319	1,799,946	6,182,161	4,928,183
Sales and marketing expenses		(455,366)	(408,678)	(1,346,627)	(1,163,432)
Administrative expenses		(158,906)	(139,525)	(479,488)	(414,942)
Other income		200,348	212,116	605,522	606,881
Other operating expenses		(116,945)	(109,500)	(354,070)	(298,411)
Share of net profit of an Associate		15,000	9,999	44,977	37,197
Operating profit		1,599,450	1,364,358	4,652,475	3,695,476
Finance costs		(2,722)	(3,861)	(13,780)	(18,244)
Profit before taxation		1,596,728	1,360,497	4,638,695	3,677,232
Taxation		(426,225)	(359,923)	(1,226,346)	(965,900)
Profit for the period		1,170,503	1,000,574	3,412,349	2,711,332
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		1,170,503	1,000,574	3,412,349	2,711,332
----- (Rupees) -----					
Earnings per share					
- basic and diluted		11.32	9.68	33.00	26.22

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



Kashif Yasin
Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Period Ended December 31, 2017

	Note	Nine months period ended	
		December 31,	
		2017	2016
----(Rupees in '000)----			
Cash Flows from Operating Activities			
Cash generated from operations	13	5,358,648	5,117,425
Income taxes paid		(1,407,918)	(968,780)
Contributions made to gratuity funds		(25,492)	(25,355)
Compensated absences paid		(13,669)	(8,567)
Mark-up / interest received		372,215	201,288
Workers' profit participation fund paid		(270,713)	(288,498)
Workers' welfare fund paid		(84,154)	(72,771)
Long term loans and advances - net		(274)	705
Long term deposits - net		(836)	(488)
Net cash generated from operating activities		3,927,807	3,954,959
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(1,006,949)	(1,785,084)
Proceeds from sale of property, plant and equipment		95,721	37,252
Payments for intangible assets		(54,299)	-
Payments for investments		(14,917,880)	(3,800,000)
Proceeds from sale of investments		14,739,348	4,055,608
Dividend received		50,464	215,669
Net cash used in investing activities		(1,093,595)	(1,276,555)
Cash Used in Financing Activity			
Dividend paid		(1,904,209)	(1,499,396)
Net increase in cash and cash equivalents		930,003	1,179,008
Cash and cash equivalents at beginning of the period		7,053,784	4,755,020
Cash and cash equivalents at end of the period		7,983,787	5,934,028

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


Kashif Yasin
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Nine Months Period Ended December 31, 2017

(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, 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, in their capacity as owners						
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
Total comprehensive income for three months period ended March 31, 2017						
Profit for the period	-	-	-	-	1,041,147	1,041,147
Other comprehensive income	-	-	-	-	2,327	2,327
	-	-	-	-	1,043,474	1,043,474
Balance as at March 31, 2017 (Audited)	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)	-
Transaction with owners in their capacity as owners						
Final dividend for the year ended March 31, 2017 at the rate of Rs.18.50 per share	-	-	-	-	(1,913,022)	(1,913,022)
Total comprehensive income for the nine months period ended December 31, 2017						
Profit for the period	-	-	-	-	3,412,349	3,412,349
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	3,412,349	3,412,349
Balance as at December 31, 2017 (Unaudited)	1,034,066	39,953	165	7,992,000	5,690,676	14,756,860

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



Kashif Yasin
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Period Ended December 31, 2017

1. THE COMPANY AND ITS ACTIVITIES

Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% (March 31, 2017: 52.43%) of issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

2.1 The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirements of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 of 2017 dated October 6, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance).

2.2 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 Ordinance. In the case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and 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 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, 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. 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 the 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, 2017.

		(Unaudited) December 31, 2017	(Audited) March 31, 2017
	Note	------(Rupees in '000)-----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	6,803,134	6,898,586
Capital work-in-progress	5.3	391,114	63,333
		<u>7,194,248</u>	<u>6,961,919</u>
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	679,168	2,485,342
Disposals costing Rs. 242,048 thousand (March 31, 2017: Rs. 459,365 thousand)			
- at book value		(105,395)	(95,474)
Depreciation charge for the period / year		(669,225)	(797,279)
Book value at end of the period / year		<u>6,803,134</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:			
Buildings on freehold land		12,505	622,934
Buildings on leasehold land		35,365	-
Plant and machinery		253,117	1,306,258
Dies and jigs		174,154	208,662
Factory equipment		42,786	112,642
Office equipment		16,922	8,466
Computers and accessories		21,947	15,501
Furniture and fixtures		9,401	30,641
Electric and gas fittings		17,825	47,641
Vehicles		95,148	132,597
		<u>679,168</u>	<u>2,485,342</u>
6. INTANGIBLE ASSETS			
Opening net book value		37	5,379
Additions during the period / year		54,299	-
Amortisation charge for the period / year		(7,105)	(5,342)
Book value at end of the period / year		<u>47,230</u>	<u>37</u>
7. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	7.1	319,269	292,342
Others - available for sale	7.2	-	-
		<u>319,269</u>	<u>292,342</u>
7.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance at beginning of the period / year		292,342	245,508
Share of profit for the period / year - net of tax		44,977	61,084
Dividend received during the period / year		(18,050)	(14,250)
Balance at end of the period / year		<u>319,269</u>	<u>292,342</u>

7.1.1 The value of investment in an Associate is based on unaudited condensed interim financial information of the investee company as at December 31, 2017.

	(Unaudited) December 31, 2017	(Audited) March 31, 2017
	------(Rupees in '000)-----	
7.2 Others - available for sale		
Arabian Sea Country Club Limited		
200,000 (March 31, 2017: 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 & Training Centre (Private) Limited		
50,000 (March 31, 2017: 50,000) ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	-	-

8. TRADE DEPOSITS AND PREPAYMENTS

Include prepayments of Rs.169,222 thousand (March 31, 2017: Rs. 83,683 thousand) in respect of renewals of insurance policies, rental agreements and maintenance contracts.

	(Unaudited) December 31, 2017	(Audited) March 31, 2017
	------(Rupees in '000)-----	

9. SHORT TERM INVESTMENTS

- At fair value through profit or loss

Investments in units of mutual funds:

- Related parties	6,766,960	6,409,174
- Others	674,955	671,495
	<u>7,441,916</u>	<u>7,080,669</u>

10. TRADE AND OTHER PAYABLES

Creditors	2,949,713	2,717,244
Accrued liabilities	2,304,109	2,294,184
Royalty payable	900,352	807,107
Warranty obligations	59,258	58,224
Advances from customers	5,783,781	4,759,060
Retention money	26,182	25,040
Sales tax payable - net	202,251	206,073
Workers' profit participation fund	247,295	270,713
Workers' welfare fund	112,505	102,687
Payable to staff retirement benefit funds - gratuity	39,516	38,447
Provision for Sindh government infrastructure fee	184,021	128,999
Unclaimed dividend	63,817	55,004
Others	14,584	23,024
	<u>12,887,384</u>	<u>11,485,806</u>

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 There is no change in status of the contingencies as disclosed in note 23.1.1 of the audited annual financial statements of the Company for the year ended March 31, 2017.

	(Unaudited) December 31, 2017	(Audited) March 31, 2017
	------(Rupees in '000)-----	

11.1.2	Guarantees issued by banks on behalf of the Company	883,499	1,658,491
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11.2 Commitments

11.2.1 Commitments in respect of:

-	capital expenditure, raw materials and components through confirmed letters of credit	1,800,024	1,437,618
-	capital expenditure other than through letters of credit	146,972	131,915

11.2.2 Aggregate commitments for ijarah arrangements of vehicles as at period / year end are as follows:

	(Unaudited) December 31, 2017	(Audited) March 31, 2017
	------(Rupees in '000)-----	
Not later than one year	37,586	29,765
Later than one year and not later than five years	73,457	52,361
	111,042	82,126

	(Unaudited)			
	Quarter ended December 31,		Nine months period ended December 31,	
	2017	2016	2017	2016
Note	------(Rupees in '000)-----			

12. COST OF SALES

Opening stock of finished goods		529,067	409,502	537,753	391,372
Cost of goods manufactured	12.1	16,087,581	13,468,366	47,084,858	38,352,546
Purchases during the period		1,373,645	1,972,615	3,218,233	3,646,678
		17,461,226	15,440,981	50,303,091	41,999,224
		17,990,293	15,850,483	50,840,844	42,390,596
Closing stock of finished goods		(511,442)	(413,841)	(511,442)	(413,841)
		17,478,851	15,436,642	50,329,402	41,976,755

12.1 Cost of goods manufactured

Opening stock of work-in-process		32,640	66,988	4,636	2,858
Raw materials and components consumed		13,617,866	11,112,004	39,794,488	32,114,463
Factory overheads		2,467,955	2,345,064	7,316,614	6,290,915
		16,085,821	13,457,068	47,111,102	38,405,378
		16,118,461	13,524,056	47,115,738	38,408,236
Closing stock of work-in-process		(30,880)	(55,690)	(30,880)	(55,690)
		16,087,581	13,468,366	47,084,858	38,352,546

(Unaudited)
Nine months period ended
December 31,

2017 2016
 -----(Rupees in '000)-----

Note

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	4,638,695	3,677,232
Adjustments for:		
Depreciation	669,225	581,619
Amortization	7,105	5,101
Provision for compensated absences	25,300	15,611
Provision for gratuity	26,561	17,623
Mark-up / interest on savings deposit accounts and term deposit receipts	(378,221)	(216,907)
Gain on sale of investments at fair value through profit or loss	(149,578)	(262,904)
Fair value loss / (gain) on investments at fair value through profit or loss	(33,137)	(107,996)
Dividend income	(32,414)	(201,419)
Workers' profit participation fund	247,295	270,269
Workers' welfare fund	93,972	75,049
Loss on disposal and write-off of operating fixed assets	9,674	24,228
Share of net profit of an Associate	(44,977)	(37,206)
Changes in working capital	14.1 279,148	1,277,125
	5,358,648	5,117,425

13.1 Changes in working capital

(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(64,869)	(31,026)
- Stock-in-trade	(749,178)	(400,571)
- Trade debts	(223,466)	(32,548)
- Loans and advances	2,201	(3,124)
- Trade deposits and prepayments	(86,716)	(114,029)
- Other receivables	(4,120)	3,255
	(1,126,148)	(578,043)
Increase in trade and other payables	1,405,296	1,855,168
	279,148	1,277,125

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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 annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2017.

14.2 Fair value measurement of financial instruments

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				
December 31, 2017				
Short term investments	7,441,916	-	-	7,441,916
March 31, 2017				
Short term investments	7,080,669	-	-	7,080,669

There were no transfers amongst the levels and any change in valuation techniques during the period.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

	(Unaudited)	
	Nine months period ended	
	December 31,	
	2017	2016
	----- (Rupees in '000) -----	
Associated companies		
Sales of:		
- goods and services	778,141	619,197
- operating fixed assets	85,982	15,111
Purchases of:		
- goods and services	14,709,955	13,318,498
- operating fixed assets	100,363	82,105
Sale of units in mutual funds	11,951,414	4,185,622
Purchase of units in mutual funds	12,178,051	3,945,587
Royalty	2,467,789	2,161,199
Export commission	5,251	2,646
Technical assistance fee	3,088	7,709
Commission income	1,720	1,463
Rent	124,646	105,399
Insurance premium paid	261,465	202,807
Insurance claims received	8,368	2,211
Reimbursement of expenses - net	2,014	2,288
Dividend paid	1,726,878	1,353,499
Dividend received	47,144	215,669
Donation paid	50,927	40,444
Other related parties		
Contributions paid to gratuity funds, provident funds / pension schemes	70,797	64,378
Salaries and other employment benefits to key management personnel	97,391	97,975

	(Unaudited) December 31, 2017	(Audited) March 31, 2017
	----- (Rupees in '000) -----	
15.2 Period / year end balances are as follows:		
Receivables from related parties		
Property, plant and equipment	9,040	667
Trade deposits and prepayments	136,569	34,399
Payables to related parties		
Trade and other payables	1,054,767	827,246

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

16. 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, 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 nine months period ended December 31, 2017.

17. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 31, 2018 by the Board of Directors of the Company.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Atlas Honda Limited

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