



Quarterly Report December 31,

2018

2018

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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

Hironobu Yoshimura
Director

Yukitoshi Fujisaka
Director

Saquib H. Shirazi
Chief Executive Officer

Marrium Ahmed
Company Secretary

Saquib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saquib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Yukitoshi Fujisaka
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Afaq Ahmed
General Manager Plants

Faisal Iqbal
General Manager Human Resources &
Administration

Khawaja Shujauddin
General Manager Coordination & Planning

Muhammad Noman Khan
General Manager Engineering & Projects

Muhammad Qadeer Khan
General Manager Quality Assurance

Mujahid-ul-Mulk Butt
General Manager Sales

Shahzada Jamal Hamid
Head of Information Technology

Sohail Qaiser
General Manager Production, Planning &
Control

Tanvir Hyder
General Manager Supply Chain

Zafar Iqbal
General Manager After Sales

Audit Committee

Sanallah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Danyal Ahmed
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.

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
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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Tel: (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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Tel: (92-21) 32575561-65
Fax: (92-21) 32563758

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

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Tel: (92-61) 4540054, 4571989, 4540028,
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Islamabad Corporate Center,
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Tel: (068) 5883415-19,
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4 – Liaquat Road, Faisalabad
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1st Floor, 28-Mozang Road, Lahore
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Show Room

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Karachi
Tel: (92-21) 32720833, 32727607

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, 2018.

THE ECONOMY

The economy continued to face pressures on account of rising inflation, an elevated fiscal deficit and uncertainty over external financing. The GDP growth rate projection for the current year has been revised downwards to 4.0%. Inflation is climbing and was recorded at 6.1%, mainly driven by rupee devaluation pass through to domestic prices and upward revision in energy prices. On the fiscal front, despite introduction of supplementary finance bill in September 2018, revenue collection recorded meagre growth of 2%, leaving a shortfall of more than Rs. 170 billion against the target.

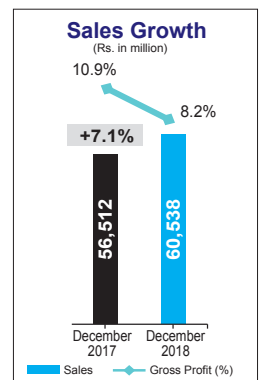
On the external side, the recent fiscal measures have started to reflect all around improvement, with narrowed current account deficit from USD 5.1 billion in Jul-Oct FY18 to USD 4.8 billion in July-Oct FY19. Exports posted an increase of 1.7% to reach USD 11.2 billion, while remittances from overseas Pakistanis jumped by 10% to USD 10.7 billion. Imports decreased to USD 28.1 billion down by 3% compared to the corresponding period of 2017-18. Despite these positive developments, foreign exchange reserves held by the State Bank of Pakistan breached the USD 7- billion-mark for the first time in five years and dropped to USD 6.9 billion due to debt servicing and other official payments. Amid high exchange rate volatility, Pak rupee lost more than one-third of its total value during 2018 with rupee's slide worsening during the second half of the calendar year. The PSX 100 index continued its downward trend and closed the year at 37,067 points. The dismal performance was due to deterioration of investors' confidence, mushrooming political noise and a broad sell-off in international stock markets on fears of global slowdown. In a bid to ensure macro-economic stability and keeping aggregate demand in control, the central bank hiked the key interest rate to 10%. This represents a cumulative increase of 4.25% in five rounds since January 2018.

On the agriculture side, the initial estimates for major crops, except wheat, are expected to fall short of the levels achieved last year. This is on account of decline in the area under cultivation for sugarcane crop, water shortages at the time of sowing and weak trends in the off-take of fertilizer. However, the recent surge in the prices of agriculture products has neutralized the effects of these losses which will ensure liquidity in the rural areas.

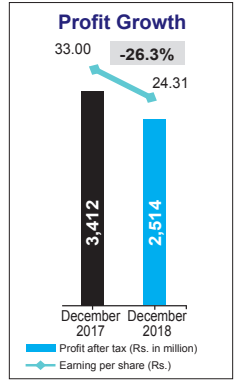
Large Scale Manufacturing (LSM) witnessed decline of 0.9% during 5MFY19 as compared to the same period last year. The recent monetary and fiscal measures have started to affect LSM. This implies that economic activity is observing notable moderation which, in turn, reflects short term cost of pursuing macro-economic stability. The current problem of higher input cost reduced incomes on account of exchange devaluation, hike in utility prices and monetary tightening calls for better coordinated actions to ensure sustained growth in LSM.

OPERATING RESULTS

During nine months ended December 31, 2018, the Company achieved net sales of Rs. 60.5 billion as compared to Rs. 56.5 billion in same period of last year, up by 7.1%. The increase was mainly due to volume growth. However, gross profit declined from Rs. 6.18 billion to Rs. 4.99 billion, down by 19.2%. This was due to significant surge in material prices on account of continued depreciation of Pak rupee against USD and Japanese Yen. Sales and marketing expenses rose to Rs. 1.39 billion, a year on year increase of 3.7% which is attributable to higher volumes and spending on promotional campaigns to support core business. Administrative expenses



registered a decrease of 3.5% over the corresponding period primarily due to measures introduced for maximization of cost efficiencies. Other income, net of financial charges, contributed Rs. 687.3 million to the bottom line, 7.9% higher than the comparative period. Resultantly, the Company achieved profit after tax of Rs. 2.51 billion during nine months ended December 31, 2018, representing a decrease of 26.3%. This translated into Earnings per Share (EPS) of Rs. 24.3 against Rs. 33.0 for the corresponding period last year.



FUTURE OUTLOOK

Current macroeconomic challenges require a well thought out and decisive policy response. This, together with clarity on external funding arrangements including inflows from Friends of Pakistan and progress on a fresh IMF program, will provide much needed support to the balance of payment position. Falling international oil prices are expected to ease out the pressure on foreign exchange reserves while inflationary pressures are also expected to subside going forward. Recovery in current scenario is conditional upon the restoration of macro-economic stability and supportive external environment. Short term measures for fiscal consolidation need to be complimented with implementation of medium term structural reforms. In this regard, the recent announcement of economic reform package is a step in right direction and is expected to bring positive results for local manufacturing. After the economy regains its balance, it is expected that the country will resume its growth momentum which would boost the demand for two wheelers also.

Atlas Honda is cognizant of the challenging environment. Amidst all the political and economic upheavals, the Company remains committed to continuous value creation for its stakeholders. Based on its enhanced capacity and competitiveness, it is hopeful to maintain its market leadership and keep scaling new heights of excellence in future.

خدا رحمت کنند ایس عاشقان پاک طینت را
(God blesses the blissful)

ACKNOWLEDGEMENT

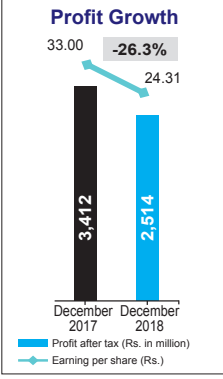
The Atlas Group takes great pride in its joint venture with Honda Motor Company Limited and would like to acknowledge its continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management 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: January 30, 2019
Karachi

کی، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 7.9 فیصد زیادہ ہے۔ نتیجتاً، کمپنی نے 31 دسمبر 2018 کو ختم ہونے والے نو ماہی کے دوران ٹیکس ادا کرنے کے بعد 2.51 بلین روپے منافع حاصل کیا، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 26.3 فیصد کم ہے۔ آمدنی فی حصص (EPS) 24.3 روپے رہی ہے جبکہ گزشتہ اسی مدت کے دوران 33.0 روپے تھی۔

مستقبل کا منظر نامہ



موجودہ میکرو اکنامک چیلنجز کو اصلاحات اور فیصلہ کن پالیسی ریسپانس کی ضرورت ہے، جو کہ بیرونی فنڈنگ کے انتظامات پر وضاحت کے ساتھ پاکستان کے دوست ممالک سے قیوم کی آمد سمیت ایک تازہ آئی ایم ایف پروگرام میں پیشرفت، ادائیگیوں کے توازن کو برقرار رکھنے کے لئے نہایت اہم حمایت فراہم کرے گا۔ عالمی منڈی میں تیل کی قیمتوں میں کمی کے باعث غیر ملکی درمبادلہ کے ذخائر پر دباؤ کم ہونے کی توقع ہے جبکہ آگے بڑھنے کے لیے افراط زر کے دباؤ کے بھی کم ہونے کی امید ہے۔ موجودہ صورت حال سے بازیابی میکرو اکنامک استحکام اور معاون بیرونی ماحول کی بحالی سے مشروط ہے۔ معیشت میں ہونے والے اتار چڑھاؤ کے سدباب کیلئے درمیانی مدت کی ساختی اصلاحات کے نفاذ کے ساتھ ساتھ مالی استحکام کیلئے مختصر المدت اقدامات کی اشد ضرورت ہے۔ اس امر میں حالیہ معاشی اصلاحی پیکج کا اعلان صحیح سمت میں ایک قدم ہے اور اس سے مقامی مینوفیکچررز کیلئے مثبت نتائج کی امید ہے۔ جب معیشت اپنا توازن واپس حاصل کر لے گی تب اس بات کا امکان ہے کہ ملک اپنی ترقی کی رفتار بحال کر لے گا، جس کے سبب دوہیلر کی طلب میں بھی اضافہ ہوگا۔

ٹلس ہنڈا چیلنج ماحول سے واقف ہے۔ تمام سیاسی اور معاشی تغیرات کے باوجود کمپنی اپنے اسٹیک ہولڈرز کیلئے مسلسل قدر تخلیق کرنے کیلئے مصروف عمل ہے۔ صلاحیتوں میں اضافے اور بہتر مسابقتی صلاحیتوں کے ساتھ کمپنی مارکیٹ میں اپنی قیادت کو برقرار رکھنے اور نئی اونچائی تک پہنچنے کیلئے پرامید ہے۔

مُحَدَّر حَمَّتْ لَنْ تَدْرِي اَيَّ عَاشِقَاتٍ پَاكِ طَيْنَتِ رَا
(God blesses the blissful)

اعترافی بیان

دی ٹلس گروپ ہنڈا موٹر کمپنی لمیٹڈ سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنی ممتاز حیثیت کے اعلیٰ اقدار کی بیروی میں ان کے مسلسل تعاون کا معترف ہے۔ میں اپنے کسٹمرز کے ہم پر اعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ثاقب ایچ شیرانی (سی ای او) کو ان کی پر اثر قیادت اور اپنے اسٹیک ہولڈرز، مینکزرز، ڈیلرز، ویٹرز، ایسوسی ایٹس اور شیئر ہولڈرز کا بے حد ممنون و مشکور ہوں جن کی مدد سے ٹلس ہوٹل الیمینڈ کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

Yusuf Ali Sheikh

یوسف ایچ شیرازی

تاریخ: 30 جنوری 2019

کراچی

چیمبر میں کا جائزہ

میں نہایت مسرت کے ساتھ 31 دسمبر 2018 کو ختم ہونے والی نو ماہی کیلئے کمپنی کی غیر پڑا ہوا شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

اقتصادیات

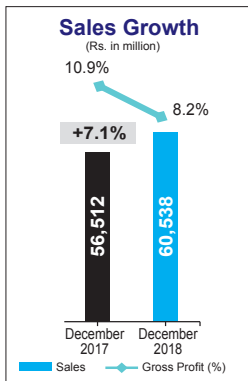
ملکی معیشت کو بڑھتی ہوئی افراط زر، مالیاتی خسارے میں اضافہ، باہر سے موصول ہونے والی سرمایہ کاری میں غیر یقینی کی صورت حال کی وجہ سے مسلسل دباؤ کا سامنا کرنا پڑ رہا ہے۔ موجودہ سال کے لیے جی ڈی پی کی ترقی کی شرح کے حوالے سے تجویز پر نیچے کی طرف 4.0 فیصد تک نظر ثانی کی گئی ہے۔ افراط زر میں مسلسل اضافہ ہوا اور یہ 6.1 فیصد تک جا پہنچا، جس کی بنیادی وجہ آئی سی جی ریٹ کی شرح کی مقامی قیمتوں پر اثر انداز ہونا ہے اور اسی لیے توانائی کی قیمتوں میں مسلسل اضافہ ہو رہا ہے۔ مالی محاذ پر ستمبر 2018 میں ضمنی فنانس بل پیش کئے جانے کے باوجود ریونیو کمیشن میں 2 فیصد کی معمولی ترقی ریکارڈ ہوئی، جب کہ ہدف کے خلاف 170 بلین کا خسارہ موجود ہے۔

بیرونی محاذ پر، حالیہ اقدامات کے مثبت اثرات نے بہتری کے آثار ظاہر کرنا شروع کر دیے ہیں۔ جس سے کرنٹ اکاؤنٹ خسارے میں مالی سال جولائی سے اکتوبر 2018 میں 5.1 بلین امریکی ڈالر سے مالی سال جولائی سے اکتوبر 2019 تک 4.8 بلین امریکی ڈالر کی کمی واقع ہوئی۔ برآمدات 1.7 فیصد اضافے کے ساتھ امریکی ڈالر 11.2 بلین تک پہنچی، جبکہ سمندر پار پاکستانیوں کی ترسیل 10 فیصد اضافے کے ساتھ 10.7 بلین امریکی ڈالر تک پہنچ گئی ہے۔ مالی سال 2017 سے 2018 کے عرصے کے مقابلے میں برآمدات 3 فیصد کمی کے ساتھ 28.1 بلین امریکی ڈالر رہی، ان مثبت پیشرفت کے باوجود، اسٹیٹ بینک آف پاکستان کے زیر نگرانی غیر ملکی شرح مبادلہ کے ذخائر نے پانچ سالوں میں پہلی بار 7 بلین امریکی ڈالر کے مارک کو توڑا اور قرضوں اور دیگر سرکاری ادائیگیوں کی وجہ سے امریکی ڈالر 6.9 بلین رہے۔ آئی سی جی ریٹ میں اتار چڑھاؤ کے دوران، پاکستانی روپے رواں سال کے نصف میں بھی مسلسل زوال کا شکار ہے، جبکہ سال 2018 میں بھی پاکستانی روپے اپنی ایک تہائی سے زائد مجموعی قدر چھو چکا ہے۔ پی ایس ایس 100 انڈیکس میں بھی مسلسل تنزلی کا رجحان دیکھا گیا اور 2018 کا سال 37,067 پوائنٹس پر بند کیا گیا۔ ایسی کمزور کارکردگی کی وجہ سے سرمایہ کاروں میں عدم اعتماد، سیاسی شہور اور عالمی سست روی کے خدشات کی بنا پر بین الاقوامی اسٹاک مارکیٹوں میں وسیع فروخت کا ہونا ہے۔ سیکرڈ اقتصادی استحکام کو یقینی بنانے کیلئے اور مجموعی ڈیمانڈ کو کنٹرول میں رکھنے کیلئے مرکزی بینک نے کلید سود 10 فیصد کر دی۔ جو کہ جنوری 2018 سے پانچ راؤنڈ میں 4.25 فیصد کے مجموعی اضافے کی نمائندگی کرتا ہے۔

زرعی شعبے کی جانب، اہم فصلوں کے ابتدائی تخمینے، گندم کے علاوہ، پچھلے سال حاصل سطح کی کمی کا امکان ہے، اس کی وجہ گنے کی فصل کیلئے کاشت کے رقبے میں کمی، ہوائی کے وقت پانی کی قلت اور فرٹیلائزر کے استعمال میں کمی ہے۔ زراعت کی مصنوعات کی قیمتوں میں حالیہ اضافے نے ان نقصانات کے اثرات کو کم کیا ہے جو دیہی علاقوں میں آمدنی کو یقینی بنانے کا۔

لارج اسکیل مینوفیکچرنگ (LSM) میں مالی سال 2019 کے پانچ ماہ کے دوران گزشتہ سال اسی مدت کے مقابلے میں 0.9 کی کمی دیکھی گئی۔ موجودہ ماہیٹری اور مالیاتی اقدامات مینوفیکچرنگ کے شعبے پر اثرات مرتب کرنے شروع کر دیے ہیں۔ جس سے ظاہر ہوتا ہے معاشی سرگرمیوں میں قابل ذکر اعتماد پسندی کا مشاہدہ کیا گیا ہے، جو میکرو اکنامک استحکام کے تعاقب کی مختصر مدتی لاگت کی عکاسی کرتا ہے۔ زیادہ لاگت، زبردستی کی شرح میں کمی سے آمدنی میں واقع ہونے والی کمی، پوٹیلٹی کی قیمتوں میں اضافے اور مالیاتی سختیاں ایسے عوامل ہیں جن کی وجہ سے متعدد کوششوں کی ضرورت ہے تاکہ بڑے پیمانے پر مینوفیکچرنگ کی ترقی ہو سکے۔

آپریٹنگ نتائج




31 دسمبر 2018 کو ختم ہونے والے نو ماہی کے دوران، کمپنی نے 60.5 بلین کی مجموعی فروخت کی، جو کہ گزشتہ سال اسی مدت کے دوران 56.5 بلین کے مقابلے میں 7.1 فیصد زیادہ ہے۔ یہ ترقی حجم میں اضافے کی وجہ سے دیکھنے میں آئی، تاہم گروس پروفٹ 19.2 فیصد کمی کے ساتھ 6.18 بلین روپے سے کم ہو کر 4.99 بلین روپے پر آ گیا، جس کی اہم وجہ امریکی ڈالر اور جاپانی ین کے مقابلے میں پاکستانی روپے کی قدر میں ہونے والی کمی سے خام مال کی قیمتوں میں اضافہ ہے۔ سیلز اور مارکنگ کے اخراجات میں 3.7 فیصد اضافے سے 1.39 بلین روپے رہے، جو کہ زیادہ حجم اور بنیادی کاروبار کو مدد فراہم کرنے کیلئے پرموشنل کمپین سے منسوب ہے۔ انتظامی اخراجات میں گزشتہ سال کے اسی مدت کے دوران 3.5 فیصد کمی واقع ہوئی، جس کا سبب لاگت کی موثریت کو زیادہ سے زیادہ کرنے کے لیے کیے جانے والے اقدامات کا متعارف کروایا جانا ہے۔ دیگر آمدنی، نیٹ آف فنانشل چارجز نے 687.3 بلین روپے کی شرکت


Condensed Interim Statement of Financial Position

As at December 31, 2018

		Unaudited December 31, 2018	Audited March 31, 2018
	Note	----- (Rupees in '000) -----	
Assets			
Non current assets			
Property, plant and equipment	5	8,764,113	7,976,101
Intangible assets		36,189	44,905
Long term investments	6	321,070	324,899
Long term loans and advances		26,052	31,481
Long term deposits		17,623	22,573
		9,165,047	8,399,959
Current assets			
Stores, spares and loose tools		765,124	650,160
Stock-in-trade	7	5,048,377	2,599,530
Trade debts		910,600	861,224
Loans and advances		37,617	40,107
Trade deposits and prepayments	8	1,492,370	137,663
Accrued mark-up / interest		21,792	15,557
Other receivables	9	861,254	15,528
Taxation - net		788,512	725,750
Short term investments	10	5,263,246	8,400,246
Bank balances		5,198,791	9,981,615
		20,387,683	23,427,380
		29,552,730	31,827,339
Equity and Liabilities			
Equity			
Authorized capital			
150,000,000 (March 31, 2018: 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, 2018: 103,406,613)			
ordinary shares of Rs.10 each		1,034,066	1,034,066
Reserves		13,654,485	14,966,655
		14,688,551	16,000,721
Liabilities			
Non current liabilities			
Compensated absences		257,007	241,681
Deferred taxation		628,347	698,042
		885,354	939,723
Current liabilities			
Trade and other payables	11	13,503,040	14,823,292
Unclaimed dividend		475,785	63,603
		13,978,825	14,886,895
Contingencies and commitments			
	12		
		29,552,730	31,827,339

The annexed notes 1 to 18 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 Profit or Loss and Other Comprehensive Income (Unaudited)

For the Nine Months Period Ended December 31, 2018

	Note	Quarter ended		Nine months period ended	
		December 31, 2018	2017	December 31, 2018	2017
----- (Rupees in '000) -----					
Sales		19,382,291	19,594,170	60,537,895	56,511,563
Cost of sales	13	(18,154,143)	(17,478,851)	(55,545,270)	(50,329,402)
Gross profit		1,228,148	2,115,319	4,992,625	6,182,161
Sales and marketing expenses		(468,975)	(455,366)	(1,396,404)	(1,346,627)
Administrative expenses		(145,098)	(158,906)	(462,917)	(479,488)
Other income		252,840	200,348	687,988	605,522
Other operating expenses		(60,954)	(116,945)	(262,945)	(354,070)
Share of net profit of an Associate		2,192	15,000	13,271	44,977
Operating profit		808,153	1,599,450	3,571,618	4,652,475
Finance costs		(2,886)	(2,722)	(13,926)	(13,780)
Profit before taxation		805,267	1,596,728	3,557,692	4,638,695
Taxation		(232,757)	(426,225)	(1,043,817)	(1,226,346)
Profit for the period		572,510	1,170,503	2,513,875	3,412,349
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		572,510	1,170,503	2,513,875	3,412,349
----- (Rupees) -----					
Earnings per share					
- basic and diluted		5.54	11.32	24.31	33.00

The annexed notes 1 to 18 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 Cash Flows (Unaudited)

For the Nine Months Period Ended December 31, 2018

	Note	Nine months period ended December 31,	
		2018	2017
		----- (Rupees in '000) -----	
Cash Flows from Operating Activities			
Cash (used in) / generated from operations	14	(1,942,500)	5,358,648
Income taxes paid		(1,176,273)	(1,407,918)
Contributions made to gratuity funds		-	(25,492)
Compensated absences paid		(9,044)	(13,669)
Mark-up / interest received		445,236	372,215
Workers' profit participation fund paid		(333,728)	(270,713)
Workers' welfare fund paid		(116,210)	(84,154)
Long term loans and advances - net		5,429	(274)
Long term deposits - net		4,950	(836)
Net cash (used in) / generated from operating activities		(3,122,140)	3,927,807
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(1,628,755)	(1,006,949)
Proceeds from sale of property, plant and equipment		59,890	95,721
Payments for intangible assets		(69)	(54,299)
Payments for investments		(699,155)	(14,917,880)
Proceeds from sale of investments		3,804,034	14,739,348
Dividend received		217,234	50,464
Net cash generated from / (used in) investing activities		1,753,179	(1,093,595)
Cash Used in Financing Activity			
Dividend paid		(3,413,863)	(1,904,209)
Net (decrease) / increase in cash and cash equivalents		(4,782,824)	930,003
Cash and cash equivalents at beginning of the period		9,981,615	7,053,784
Cash and cash equivalents at end of the period		5,198,791	7,983,787

The annexed notes 1 to 18 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, 2018

Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
	Share premium	Gain on sale of land	General reserve	Unappropriated profit	

----- (Rupees in '000) -----

Balance as at April 1, 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, recognised directly in equity

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

Total comprehensive income for three months period ended March 31, 2018

Profit for the period - - - - 1,251,286 1,251,286

Other comprehensive income - - - - (7,425) (7,425)

- - - - 1,243,861 1,243,861

Balance as at March 31, 2018 (Audited) 1,034,066 39,953 165 7,992,000 6,934,537 16,000,721

Transfer to general reserve - - - 1,500,000 (1,500,000) -

Transaction with owners in their capacity as owners

Final dividend for the year ended March 31, 2018 at the rate of Rs.27.0 per share - - - - (2,791,979) (2,791,979)

Interim dividend for the half year ended September 30, 2018 at the rate of Rs.10.0 per share - - - - (1,034,066) (1,034,066)

Total comprehensive income for the nine months period ended December 31, 2018

Profit for the period - - - - 2,513,875 2,513,875

Other comprehensive income - - - - - -

- - - - 2,513,875 2,513,875

Balance as at December 31, 2018 (Unaudited) 1,034,066 39,953 165 9,492,000 4,122,367 14,688,551

The annexed notes 1 to 18 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 Statements (Unaudited)

For the Nine Months Period Ended December 31, 2018

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, 2018: 52.43%) of issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. ACCOUNTING POLICIES

- 3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended March 31, 2018.
- 3.2 There are certain IFRSs, amendments to published standards and interpretations that are mandatory for the financial year beginning on April 1, 2018. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in the condensed interim financial statements.
- 3.3 Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.
- 3.4 Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out on March 31, 2018. The impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. 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 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 these condensed interim financial statements, 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, 2018.

Note	Unaudited December 31, 2018 ----- (Rupees in '000) -----	Audited March 31, 2018 -----
------	---	---------------------------------------

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	8,072,948	7,858,301
Capital work-in-progress	5.3	691,165	117,800
		8,764,113	7,976,101

5.1 Operating fixed assets

Book value at beginning of the period / year		7,858,301	6,898,586
Additions during the period / year	5.2	1,055,390	2,314,419
Disposals costing Rs.242,048 thousand (March 31, 2018: Rs.1,056,868 thousand) - at book value		(62,801)	(455,647)
Depreciation charge for the period / year		(777,942)	(899,057)
Book value at end of the period / year		8,072,948	7,858,301

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		26,482	227,265
Buildings on leasehold land		13,641	52,211
Plant and machinery		541,891	1,482,901
Dies and jigs		221,891	219,576
Factory equipment		58,579	104,881
Office equipment		8,951	20,891
Computers and accessories		9,368	26,338
Furniture and fixtures		4,942	12,650
Electric and gas fittings		43,141	33,790
Vehicles		126,505	133,916
		1,055,390	2,314,419

5.3 Capital work-in-progress

Civil works		154,112	2,604
Plant and machinery		295,837	1,764
Dies & Jigs		120,276	18,708
Factory equipment		27,652	58,099
Office equipment		-	998
Computers		650	96
Furniture and fixtures		9,393	6,976
Electric and gas fittings		73,748	10,067
Vehicles		9,498	18,488
		691,165	117,800

6. LONG TERM INVESTMENTS

Unquoted

Associate - equity accounted investment	6.1	321,070	324,899
Others - available for sale	6.2	-	-
		321,070	324,899

	Unaudited December 31, 2018	Audited March 31, 2018
	----- (Rupees in '000) -----	
6.1 Equity accounted investment - Atlas Hitec (Private) Limited		
Balance at beginning of the period / year	324,899	292,342
Share of profit for the period / year - net of tax	13,271	50,607
Dividend received during the period / year	(17,100)	(18,050)
Balance at end of the period / year	<u>321,070</u>	<u>324,899</u>
6.1.1 The value of investment in an Associate is based on unaudited condensed interim financial statements of the investee company as at December 31, 2018.		
	Unaudited December 31, 2018	Audited March 31, 2018
	---- (Rupees in '000) ----	
6.2 Others - available for sale		
Arabian Sea Country Club Limited		
200,000 (March 31, 2018: 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, 2018: 50,000) ordinary shares of Rs.10 each - cost	500	500
Less: Impairment in the value of investment	500	500
	-	-
	-	-
7. STOCK-IN-TRADE		
Raw material and components	4,018,590	1,730,235
Work in process	22,174	5,980
Finished goods	961,169	474,868
Items in transit	124,141	466,145
Less: Provision for slowing moving items	(77,698)	(77,698)
	<u>5,048,377</u>	<u>2,599,530</u>
8. TRADE DEPOSITS AND PREPAYMENTS		
Trade deposit - unsecured and considered good	10,009	34,550
Prepayments	194,956	103,113
Margin against letters of credit	1,287,405	-
	<u>1,492,370</u>	<u>103,113</u>
9. OTHER RECEIVABLES		
Includes sales tax - net amounting to Rs. 856,243 thousand.		

	Unaudited December 31, 2018 ---- (Rupees in '000) ----	Audited March 31, 2018
10. SHORT TERM INVESTMENTS		
- At fair value through profit or loss		
Investments in units of mutual funds:		
- Related parties	4,557,393	7,709,590
- Others	705,853	690,656
	<u>5,263,246</u>	<u>8,400,246</u>

11. TRADE AND OTHER PAYABLES

	Unaudited December 31, 2018 ---- (Rupees in '000) ----	Audited March 31, 2018
Creditors	3,734,691	3,005,807
Accrued liabilities	1,840,434	2,451,241
Royalty payable	882,531	958,635
Warranty obligations	46,533	62,014
Advances from customers	6,370,392	7,021,657
Retention money	12,559	31,569
Sales tax payable - net	-	477,701
Workers' profit participation fund	190,119	333,728
Workers' welfare fund	67,996	116,373
Payable to staff retirement benefit funds - gratuity	62,764	45,645
Provision for Sindh government infrastructure fee	238,000	207,949
Others	57,021	110,973
	<u>13,503,040</u>	<u>14,823,292</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

11.1.1 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, 2018.

	Unaudited December 31, 2018 ---- (Rupees in '000) ----	Audited March 31, 2018
11.1.2 Guarantees issued by banks on behalf of the Company	<u>1,137,953</u>	<u>901,410</u>

12.2 Commitments

11.2.1 Commitments in respect of:

- capital expenditure, raw materials and components through confirmed letters of credit	<u>1,280,349</u>	<u>2,283,743</u>
- capital expenditure other than through letters of credit	<u>108,499</u>	<u>59,122</u>

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

	Unaudited December 31, 2018 ---- (Rupees in '000) ----	Audited March 31, 2018
Not later than one year	42,023	36,406
Later than one year and not later than five years	71,853	63,739
	113,876	100,145

13. COST OF SALES

	Note	----- Unaudited -----			
		Quarter ended December 31,		Nine months period ended 'December 31,	
		2018	2017	2018	2017
		----- (Rupees in '000) -----			
Opening stock of finished goods		805,594	529,067	474,868	537,753
Cost of goods manufactured	13.1	16,809,293	16,087,581	51,537,203	47,084,858
Purchases during the period		1,500,425	1,373,645	4,494,368	3,218,233
		18,309,718	17,461,226	56,031,571	50,303,091
		19,115,312	17,990,293	56,506,439	50,840,844
Closing stock of finished goods		(961,169)	(511,442)	(961,169)	(511,442)
		18,154,143	17,478,851	55,545,270	50,329,402
13.1 Cost of goods manufactured					
Opening stock of work-in-process		42,352	32,640	5,980	4,636
Raw materials and components consumed		14,411,931	13,667,866	44,412,429	39,894,488
Factory overheads		2,377,184	2,417,955	7,140,968	7,216,614
		16,789,115	16,085,821	51,553,397	47,111,102
		16,831,467	16,118,461	51,559,377	47,115,738
Closing stock of work-in-process		(22,174)	(30,880)	(22,174)	(30,880)
		16,809,293	16,087,581	51,537,203	47,084,858

14. CASH GENERATED FROM OPERATIONS

	Note	Unaudited Nine months period ended December 31,	
		2018	2017
		---- (Rupees in '000) ----	
Profit before taxation		3,557,692	4,638,695
Adjustments for:			
Depreciation		777,942	669,225
Amortization		8,785	7,105
Provision for compensated absences		24,370	25,300
Provision for gratuity		17,119	26,561
Mark-up / interest on savings deposit accounts and term deposit receipts		(451,471)	(378,221)
Loss/ (gain) on sale of investments at fair value through profit or loss		18,378	(149,578)
Fair value loss / (gain) on investments at fair value through profit or loss		13,742	(33,137)
Dividend income		(200,134)	(32,414)
Workers' profit participation fund		190,119	247,295
Workers' welfare fund		67,833	93,972
Loss on disposal and write-off of operating fixed assets		2,911	9,674
Share of net profit of an Associate		(13,271)	(44,977)
Changes in working capital	14.1	(5,956,515)	279,148
		<u>(1,942,500)</u>	<u>5,358,648</u>
14.1 Changes in working capital			
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(114,964)	(64,869)
- Stock-in-trade		(2,448,847)	(749,178)
- Trade debts		(49,376)	(223,466)
- Loans and advances		2,490	2,201
- Trade deposits and prepayments		(1,354,707)	(86,716)
- Other receivables		(845,726)	(4,120)
		(4,811,130)	(1,126,148)
(Decrease) / increase in trade and other payables		(1,145,385)	1,405,296
		<u>(5,956,515)</u>	<u>279,148</u>

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

15.1 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, 2018.

15.2 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
Assets - Recurring fair value measurement	----- Rupees in '000 -----			
Financial assets at fair value through profit or loss				
December 31, 2018				
Short term investments	<u>5,263,246</u>	<u>-</u>	<u>-</u>	<u>5,263,246</u>
March 31, 2018				
Short term investments	<u>8,400,246</u>	<u>-</u>	<u>-</u>	<u>8,400,246</u>

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

16. TRANSACTIONS WITH RELATED PARTIES

Unaudited
Nine months period
ended December 31,
2018 2017
---- (Rupees in '000) ----

16.1 Significant transactions with related parties are as follows:

The Holding Company

Sales of:

- goods and services	567	261
- operating fixed assets	-	502

Reimbursement of expense

336 -

Purchase of operating fixed assets

- 3,790

Rent paid

152,805 106,439

Dividend paid

2,006,166 1,003,083

Associated companies

Sales of:

- goods and services	943,448	777,880
- operating fixed assets	21,194	85,480

Purchases of:

- goods and services	15,925,818	14,709,955
- operating fixed assets	129,754	96,573

License & drawing fees paid

- 52,400

Sale of units in mutual funds

3,300,000 11,951,414

Purchase of units in mutual funds

172,526 12,178,051

Royalty paid

2,887,023 2,467,789

Export commission paid

1,458 5,251

Technical assistance fee paid

47,518 3,088

Commission income received

1,094 1,720

Rent paid

20,017 18,207

Insurance premium paid

277,111 261,465

Insurance claims received

8,359 8,368

Reimbursement of expenses - net

5,287 2,014

Dividend paid

1,085,666 723,795

Dividend received

220,072 47,144

Donation paid

62,648 50,927

Other related parties

Contributions paid to gratuity funds,
provident funds / pension schemes

47,526 70,797

Key Management Personnel

- salaries and other employment benefits

98,145 97,391

- sale of vehicles under company policy

3,199 727

	Unaudited December 31, 2018	Audited March 31, 2018
	----- (Rupees in '000) -----	
16.2 Period / year end balances are as follows:		
Receivables from related parties		
Property, plant and equipment	5,156	4,380
Long term loans	1,431	-
Trade deposits and prepayments	15,662	72,282
Payable to related parties		
Trade and other payables	739,927	991,151
Compensated absences	32,867	31,261

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

17. 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, 2018 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.

18. DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on January 30, 2019 by the Board of Directors of the Company.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

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