



Quarterly Report June 30,

2019

2019

Table of Contents

Company Information	2
Chairman's Review	4
Chairman's Review (Urdu)	7
Condensed Interim Statement of Financial Position	8
Condensed Interim Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Interim Statement of Cash Flows	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12

Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Abid Naqvi
Director

Hirofumi Yada
Director

Jawaid Iqbal Ahmed
Director

Sanaullah Qureshi
Director

Hironobu Yoshimura
Director

Yukitoshi Fujisaka
Director

Saqib H. Shirazi
Chief Executive Officer

Marrum Ahmed
Company Secretary

Audit Committee

Sanaullah Qureshi
Chairman

Abid Naqvi
Member

Jawaid Iqbal Ahmed
Member

Muhammad Iqbal
Head of Internal Audit

Marrum Ahmed
Secretary

Human Resource & Remuneration Committee

Sanaullah Qureshi
Chairman

Jawaid Iqbal Ahmed
Member

Saqib H. Shirazi
Member

Faisal Iqbal
Secretary

Management

Saqib H. Shirazi
Chief Executive Officer

Afaq Ahmed
Vice President Marketing

Yukitoshi Fujisaka
Vice President Technical

Hirofumi Yada
General Manager Technical

Kashif Yasin
Chief Financial Officer

Muhammad Qadeer Khan
General Manager Plants

Faisal Iqbal
General Manager Human Resources & Administration

Khawaja Shujauddin
General Manager Commercial & Planning

Muhammad Noman Khan
General Manager Engineering & Projects

Zia Ul Hassan Khan
General Manager Quality Assurance

Mujahid-ul-Mulk Butt
General Manager Sales

Muhammad Rashad Rashid
General Manager Production, Planning & Control

Tanvir Hyder
General Manager Supply Chain & Systems

Company Information

Zafar Iqbal
General Manager After Sales

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

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

Factories

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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) 4570413-14
(92-61) 111-112-411
Fax: (92-61) 4541690

Islamabad Corporate Center,
Plot No. 784/785, Golra Road, Islamabad
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Bank, Near City School, Rahimyar Khan
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Road, Hyderabad.
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4 – Liaquat Road, Faisalabad
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1st Floor, 28-Mozang Road, Lahore
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Show Room

West View Building, Preedy Street,
Saddar, 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 quarter ended June 30, 2019.

Macroeconomic Overview

Economic challenges dominated much of FY 2019 with pressures on the fiscal and external account impacting growth momentum. GDP growth has slowed down to 3.3%, lowest in last nine years. Inflation rose considerably to 7.3% in FY 19 due to the lagged impact of exchange rate depreciation, hike in fuel and food prices. Despite adoption of two supplementary budgets, the overall fiscal deficit is estimated to be over 7% of GDP. This deterioration is largely driven by a substantial shortfall in revenue collection and increase in debt and security related expenditures.

On the external front, the Current Account Deficit (CAD) is beginning to show signs of improvements as it closed at USD 13.6 billion, down by 32%. Multiple rounds of PKR devaluation and imposition of additional duties helped in restricting the import bill to USD 54.8 billion, depicting a decline of 9.9%. However, exports failed to gain any momentum and remained stagnant at USD 22.9 billion. Home remittances remained strong with growth of 9.7% and stood at USD 21.8 billion during FY19.

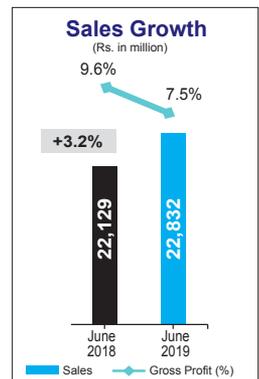
Financing of the CAD, nevertheless, remained challenging, due to insufficient inflows. The government garnered bilateral sources for balance of payments support while successfully negotiated bailout program with IMF. The program is expected to mobilize financing of additional USD 38.6 billion over three years from international partners. However, foreign exchange reserves remained depressed at USD 7.3 billion due to heavy debt servicing. Reflecting the increased pressures, Pak rupee lost more than one third of its total value during FY 19 and closed at Rs. 160 after hitting an all-time low of Rs. 164. Keeping in view the rising inflation, high CAD and slow pace of fiscal consolidation, the State Bank of Pakistan (SBP) has raised the policy rate to 13.25% reflecting a cumulative increase of 750 basis points. The PSX 100 index continued its losing streak and closed at 33,901 points in June 2019.

The performance of the agriculture sector remained subdued. On aggregate, the sector grew only by 0.9% as compared to 3.5% last year. This underperformance mainly hinged upon reduction in area under cultivation, unfavorable weather conditions, lower water availability and drop in fertilizer off take. However, a surge in prices of agriculture products has neutralized the effects of these losses which ensured liquidity in the rural areas.

Large Scale Manufacturing (LSM) recorded a decline of 3.78% during 11MFY19 as compared to remarkable growth of 6.1% of last year. The sector is witnessing the brunt of the slowdown in both public and private consumption. The subdued performance can largely be attributed to a deceleration in construction allied industries and consumer durables, as monetary and fiscal measures have severely affected domestic demand.

Operating Results

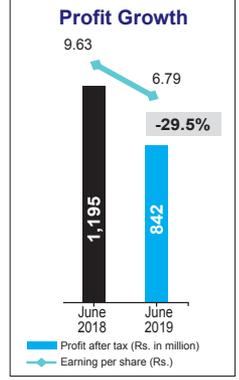
During the quarter ended June 30, 2019, the Company achieved net sales of Rs. 22.8 billion as compared to Rs. 22.1 billion in the same period of last year, up by 3.2%. However, gross profit for the quarter declined from Rs. 2.1 billion to Rs. 1.7 billion, down by 19%. This was due to continued devaluation of Pak rupee against USD and Japanese Yen which resulted in substantially higher input costs. Sales and marketing expenses rose to Rs. 524.1 million, an increase of 9%, which is attributable to higher volumes and promotional activities. Administrative expenses remained stagnant due to measures introduced for maximization of cost efficiencies. Other income, net of other operating expense and financial charges,



contributed Rs. 169.7 million to the bottom line, 10.6% higher than the comparative period. Resultantly, the Company achieved profit after tax of Rs. 842.1 million, representing a decrease of 30%. This translated into Earnings per Share (EPS) of Rs. 6.79 against Rs. 9.63 (restated) for the corresponding period of last year.

Future Outlook

Going forward, gradual recovery in economic activity is expected on the back of improved market sentiment in the context of the IMF support program, a rebound in the agriculture sector and export oriented industries. However, there is a need for resolution of key structural issues to tread on the path of long term sustainable economic growth. Equally important, efforts must be intensified to capitalize on the good work done under first phase of CPEC, which has already started to improve the physical infrastructure of the country. It is critical to support industries that leverage this infrastructure and develop export capability. Through FY 20 budget, the government has taken a right step by focusing to credibly improve fiscal sustainability through revenue measures to widen the tax base by bringing undocumented economy on paper. This may hurt economic activity in the short run but is expected to bring gains in the long run. Once the economy regains its growth momentum, it would boost demand for two wheelers as well.



With its installed capacity and improved competitiveness, the Company has laid the foundation for long term sustainable leadership. While the macro scenario paints a picture of cautious optimism, the Company aspires to firmly stride on its growth path and consistently create value for all its stakeholders:

ہے اے داؤدِ محشر مرا نامہ اعمال نہ دیکھ
اس میں کچھ پردہ نشینوں کے بھی نام آتے ہیں

O Lord of the day of judgment, don't consider my book of deeds
It also has some names which are hidden under veil

Acknowledgement

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

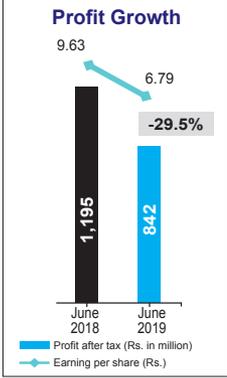
Yusuf H. Shirazi

Dated: July 30, 2019
Karachi

اخراجات اپنی جگہ پر قائم رہے جس کا سبب لاگت میں کمی کے لیے کیے جانے والے موثر اقدامات ہیں۔ دیگر آمدنی، دیگر مجموعی آپریٹنگ اخراجات اور فنانشل چارجز نے 169.7 ملین روپے کی شراکت داری کی، جو کہ گزشتہ سال اسی مدت کی نسبت 10.6 فیصد زیادہ ہے۔ ان سب کے نتیجے میں، بعد از ٹیکس 842.1 ملین روپے منافع حاصل کیا جو کہ 30 فیصد کمی کو ظاہر کرتا ہے۔ جس کی وجہ سے آمدنی فی حصص 6.79 روپے رہی جو کہ گزشتہ سال اسی مدت کے دوران 9.63 روپے فی حصص تھی۔

مستقبل کے خدو خال

مستقبل قریب میں آئی ایم ایف سپورٹ پروگرام، زرعی شعبے اور برآمدات سے متعلقہ صنعتوں میں ایک بار پھر شاندار ترقی کے تناظر میں توقع کی جا رہی ہے کہ مارکیٹ صورتحال میں بہتری سے معیشت تدریج بحال ہوگی۔ تاہم، ہمیں اپنے معاشی خدو خال میں موجود مسائل کے سدباب کے لیے ایسی اصلاحات کے نفاذ کی اشد ضرورت ہے جس سے معاشی ترقی میں طویل المدت استحکام اور پائیداری پیدا ہو۔ پاکستان چین معاشی راہداری کے پہلے مرحلے نے تکمیل کے ساتھ ہی ملک کے ظاہری انفراسٹرکچر پر اچھے نتائج مرتب کرنے شروع کر دیئے ہیں، اب ہمیں اس جانب اپنی کوششوں کو مزید تیز کرنا ہے تاکہ مزید بہتر نتائج حاصل ہوں۔ اس سلسلے میں ایسی صنعتوں کو سپورٹ مہیا کرنے کی ضرورت ہے جس سے اس انفراسٹرکچر میں بہتری ہو اور برآمدات بڑھیں۔ مالی سال 2020 کے بجٹ میں، حکومت نے مالی استعداد کو بہتر بنانے کے لیے ٹیکس کے دائرہ کار کو وسیع کیا ہے تاکہ زیادہ سے زیادہ آمدنی میں اضافہ ہو اور اس سلسلے میں ایسی معاشی سرگرمیوں کو دستاویزات میں لایا جا رہا ہے جو، اب تک دستاویزات میں موجود نہیں تھیں۔ اس اقدام سے قلیل المدتی میں معاشی سرگرمیوں کو دھچکا لگے گا لیکن بعد ازاں طویل المدتی میں اس کے ثمرات دکھائی دیے لگیں گے۔ جب معیشت اپنی ترقی کی ڈگر پر واپس لوٹ آئے گی تب دو وھیلر کی طلب میں بھی اضافہ ہو جائے گا۔



کمپنی نے اپنی گنجائش میں توسیع اور سابقہ رجحان سے نمٹنے کے لیے بہترین وسائل کے ساتھ طویل المدتی پائیدار قیادت کی بنیاد ڈالی ہے، جبکہ بڑے پیمانے پر محتاط امید دکھائی دے رہی ہے۔ کمپنی اپنی ترقی کے لیے نہایت مضبوطی سے مقابلہ کرنے اور اسٹیک ہولڈرز کو بہترین اقدار کی فراہمی کے لیے کوشاں ہے:

ہے اے داور محشر مرا نامہ اعمال نہ دیکھ
اس میں کچھ پردہ فیشنوں کے بھی نام آتے ہیں

O Lord of the day of judgment, don't consider my book of deeds
It also has some names which are hidden under veil

اظہارِ شکر

ٹلس گروپ اپنی ہنڈاموٹر کمپنی کے ساتھ شراکت داری پر نہایت فخر محسوس کرتا ہے اور اعلیٰ معیار برقرار رکھنے پر اس کی کاوشوں کو نہایت سراہتا ہے۔ میں اس موقع پر اپنے معزز کسٹمرز کا بہت شکر یہ ادا کرنا چاہوں گا جنہوں نے ہمیشہ ہم پر اپنا اعتماد قائم رکھا، اس کے ساتھ ساتھ مینجمنٹ ٹیم کا اُن کی مخلص کوششوں، بورڈ آف ڈائریکٹرز کا اُن کی راہنمائی اور سپورٹ، چیف ایگزیکٹو آفیسر جناب ثاقب انجی شیریازی کا اُن کی قائدانہ صلاحیتوں اور تمام اسٹیک ہولڈرز، ٹیکلز، ڈیلرز، وینڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بھی شکر یہ ادا کرنا چاہوں گا، جن کی مدد اور کوششوں نے ٹلس ہنڈاموٹر کو ایک منفرد کمپنی بنانے میں تعاون کیا۔

جناب یوسف انجی شیریازی

بتاریخ: 30 جولائی 2019
کراچی

چیمبر میں کا جائزہ:

میں نہایت مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کی غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہے ہیں۔

میکرو اکنامک جائزہ:

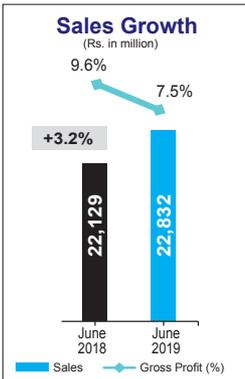
مالی سال 2019 کو مالی اور بیرونی اکاؤنٹ پر دباؤ کے ساتھ زیادہ تر اقتصادی چیلنجز کا سامنا رہا، جس کے باعث شرح نمو شدید متاثر ہوئی۔ اس سال مجموعی ملکی پیداوار کی شرح نمو کم ہو کر 3.3 فیصد پر آگئی ہے جو کہ گزشتہ نو برسوں میں سب سے کم ہے۔ مالی سال 2019 میں شرح مبادلہ میں کمی کے اثرات، تیل اور خورد و نوش کی اشیاء کی قیمتوں میں اضافے کے باعث افراط زر کی شرح بڑھ کر 7.3 فیصد ہو گئی ہے۔ دو اضافی نکٹس کو اپنانے کے باوجود، مجموعی مالی خسارہ GDP کے 7 فیصد سے زیادہ ہونے کا تخمینہ لگایا گیا ہے۔ اس زوال کی بڑی وجہ محصول کی وصولی میں خاطر خواہ کمی اور قرض اور سیکورٹی سے متعلق اخراجات میں کافی حد تک اضافہ ہے۔

بیرون محاذ پر، کرنٹ اکاؤنٹ خسارے نے کچھ بہتری کے آثار ظاہر کرنے شروع کیے ہیں، جو کہ یہ 32 فیصد کمی کے ساتھ 13.6 بلین امریکی ڈالر پر بند ہوا۔ پاکستانی روپے کی قدر میں کمی کے کئی دور اور اضافی ڈیولپمنٹ کے نفاذ نے درآمدی بل کو 54.8 بلین امریکی ڈالر تک محدود رکھنے میں مدد دی، جس کے باعث 9.9 فیصد کمی دیکھی گئی ہے۔ تاہم، برآمدات کسی قسم کی بڑھوتری حاصل کرنے میں ناکام رہنے کے ساتھ 22.9 بلین امریکی ڈالر پر مستحکم رہے۔ مالی سال 2019 کے دوران ترسیلات زر 9.7 فیصد کی ترقی کے ساتھ 21.8 بلین امریکی ڈالر پر مستحکم رہیں۔

کرنٹ اکاؤنٹ خسارے کی فنانشنگ کے باوجود، ناکافی مالیاتی بہاؤ کے باعث مشکلات کا سامنا کرنا پڑا۔ حکومت نے آئی ایم ایف کے ساتھ تیل آؤٹ پروگرام میں کامیاب مذاکرات کے ساتھ ادائیگیوں میں معاونت کے توازن کے لیے دو طرفہ ذرائع تیار کئے۔ جس کے بعد توقع کی جا رہی ہے کہ اس پروگرام کے تحت بین الاقوامی شراکت داروں سے تین سال میں 38.6 بلین امریکی ڈالر کی مالی امداد میسر ہو سکے گی۔ البتہ، زرمبادلہ کے ذخائر بھاری قرضوں کے باعث 7.3 بلین امریکی ڈالر پر دباؤ کا شکار ہے۔ بڑھتے ہوئے دباؤ کے پیش نظر، پاکستانی روپے نے مالی سال 2019 کے دوران اپنی مجموعی مالیت کی ایک تہائی سے زائد قدر کھودی ہے اور 164 روپے کی انتہائی کمی کو پہنچنے کے بعد اب 160 روپے پر بند ہوئی ہے۔ بڑھتی ہوئی افراط زر، کرنٹ اکاؤنٹ خسارے میں اضافے اور مالی استحکام کی سست روی کو مد نظر رکھتے ہوئے، اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بڑھا کر 13.25 فیصد کر دیا ہے جو کہ 750 بیسس پوائنٹس کے مجموعی اضافے کی عکاسی کرتا ہے۔ جبکہ پاکستان اسٹاک ایکسچینج نے 100 انڈیکس پر خسارے کا سلسلہ جاری رکھا اور جون 2019 میں 33,901 پوائنٹس پر بند ہوا۔

زرعی شعبے کی کارکردگی بدستور متاثر کن نہ ہو سکی۔ مجموعی طور پر، شعبے نے گزشتہ سال کے 3.5 فیصد کے مقابلے میں صرف 0.9 فیصد کی معمولی ترقی کی۔ اس خراب کارکردگی کا انحصار زریعہ کاشت رقبے میں کمی، ناموافق موسمی صورت حال، پانی کی کم دستیابی اور کھاد میں کمی پر ہے۔ تاہم، زرعی مصنوعات کی قیمتوں میں اضافے نے ان نقصانات کے اثرات کو غیر جانبدار کر دیا ہے جس سے دیہی علاقوں میں کیلویڈیٹی کو ممکن بنایا جاسکے گا۔

مالی سال 2019 کے گیارہ ماہ کے دوران بڑے پیمانے پر مینوفیکچرنگ 3.78 فیصد کمی کی ریکارڈ کی گئی، جبکہ گزشتہ سال اسی مدت کے دوران 6.1 فیصد ترقی دیکھی گئی تھی۔ اس شعبے میں پبلک اور پرائیویٹ دونوں سطحوں پر کمی واقع ہوتی دیکھی گئی ہے۔ اس کم کارکردگی کی ایک وجہ تعمیرات کے شعبے میں ہونے والی کمی اور صارف کے استعمال کی اشیاء کی طلب میں کمی بھی شامل ہے کیونکہ مالیاتی اقدامات نے مقامی طلب کو بری طرح متاثر کیا ہے۔



آپریٹنگ نتائج

30 جون 2019 کو ختم ہونے والی سہ ماہی کے دوران کمپنی نے گزشتہ سال اسی مدت کے دوران 22.1 بلین روپے کی نیٹ سیلز کے مقابلے میں 3.2 فیصد اضافے کے ساتھ 22.8 بلین روپے کی نیٹ سیلز کیں۔ تاہم، اس سہ ماہی کے دوران مجموعی منافع 19 فیصد کمی کے ساتھ 2.1 بلین روپے سے کم ہو کر 1.7 بلین روپے پر رہا۔ جس کی وجہ امریکی ڈالر اور جاپانی یین کے مقابلے میں روپے کی قدر میں متواتر کمی ہے اور اس کے نتیجے میں پیداواری لاگت میں اضافہ ہوا۔ سیلز اور مارکیٹنگ کے اخراجات 9 فیصد اضافے کے ساتھ 524.1 بلین روپے رہے جس کی وجہ مارکیٹنگ اور تھیری سرگرمیوں میں اضافہ ہے۔ انتظامی

Condensed Interim Statement of Financial Position

As at June 30, 2019

		(Unaudited) June 30, 2019	(Audited) March 31, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Non current assets			
Property, plant and equipment	5	9,635,132	8,950,633
Intangible assets	6	158,386	168,924
Long term investments	7	325,601	323,497
Long term loans and advances		35,093	33,467
Long term deposits		13,930	13,882
		10,168,142	9,490,403
Current assets			
Stores, spares and loose tools		768,065	725,754
Stock-in-trade		4,528,019	5,069,836
Trade debts		1,186,491	1,116,000
Loans and advances		38,761	43,794
Trade deposits and prepayments		1,075,026	1,007,128
Accrued mark-up / interest		45,418	37,614
Other receivables		568,871	573,080
Taxation - net		1,484,575	1,149,424
Short term investments	8	4,776,304	5,261,724
Bank balances		6,069,638	7,480,159
		20,541,168	22,464,513
		30,709,310	31,954,916
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,240,879	1,034,066
Reserves		13,932,946	14,331,698
		15,173,825	15,365,764
Non current liabilities			
Compensated absences		298,200	296,409
Deferred taxation		700,024	700,024
		998,224	996,433
Current liabilities			
Trade and other payables		14,072,614	15,500,137
Unclaimed dividend		464,647	92,582
		14,537,261	15,592,719
		15,535,485	16,589,152
Contingencies and commitments			
	10	30,709,310	31,954,916

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Unaudited)

For the Three Months Ended June 30, 2019

	Note	Three months period ended June 30,	
		2019	2018
		----- (Rupees in '000) -----	
Sales - net		22,832,003	22,128,662
Cost of sales	11	(21,116,323)	(20,006,170)
Gross profit		1,715,680	2,122,492
Sales and marketing expenses		(524,177)	(481,541)
Administrative expenses		(158,305)	(158,033)
Other income		263,124	259,030
Other operating expenses		(90,214)	(114,027)
Profit from operations		1,206,108	1,627,921
Finance costs		(5,301)	(1,608)
Share of profit of associate - net of tax		2,105	10,000
Profit before taxation		1,202,912	1,636,313
Income tax expense		(360,785)	(441,805)
Profit after taxation		842,127	1,194,508
Other comprehensive income		-	-
Total comprehensive income		842,127	1,194,508
		---- (Rupees) ----	
			Restated
Earnings per share - basic and diluted	12	6.79	9.63

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Three Months Ended June 30, 2019

	Note	Three months period ended June 30,	
		2019	2018
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	572,231	(1,349,222)
Income tax paid		(695,936)	(549,141)
Compensated absences paid		(8,739)	(5,878)
Mark-up / interest received		155,565	205,433
Workers' profit participation fund paid		(249,324)	(333,728)
Long term loans and advances - net		(1,626)	2,681
Long term deposits - net		(48)	6,193
Net cash used in operating activities		(227,877)	(2,023,662)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(994,942)	(563,081)
Payments for investments acquired		(970,843)	(400,000)
Proceeds from sale of property, plant & equipment		12,077	27,449
Proceeds from sale of investments		1,433,065	1,904,035
Net cash (used in) / generated from investing activities		(520,643)	968,403
NET CASH USED IN FINANCING ACTIVITY			
Dividend paid		(662,001)	(1,448,741)
Net decrease in cash and cash equivalents		(1,410,521)	(2,504,000)
Cash and cash equivalents at beginning of the period		7,480,159	9,981,615
Cash and cash equivalents at end of the period		6,069,638	7,477,615

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



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 Three Months Ended June 30, 2019

	Share capital	Capital reserves		Revenue reserves		Total
		Share premium	Gain on sale of land	General reserve	Unappropriated profit	
Balance as at April 1, 2018	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)	-
Transactions with owners						
Final cash dividend for the year ended March 31, 2018 at the rate of Rs. 27.0 per share	-	-	-	-	(2,791,979)	(2,791,979)
Total comprehensive income for the three months period ended June 30, 2018	-	-	-	-	1,194,508	1,194,508
Balance as at June 30, 2018 (unaudited)	1,034,066	39,953	165	9,492,000	3,837,066	14,403,250
Transactions with owners						
Interim cash 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 March 31, 2019	-	-	-	-	1,996,580	1,996,580
Balance as at March 31, 2019	1,034,066	39,953	165	9,492,000	4,799,580	15,365,764
Transactions with owners						
Final cash dividend for the year ended March 31, 2019 at the rate of Rs.10.0 per share	-	-	-	-	(1,034,066)	(1,034,066)
Bonus shares issued during the period in ratio of 1 share for every 5 shares held	206,813	-	-	-	(206,813)	-
Total comprehensive income for the three months period ended June 30, 2019	-	-	-	-	842,127	842,127
Balance as at June 30, 2019 (unaudited)	1,240,879	39,953	165	9,492,000	4,400,828	15,173,825

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


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 Three Months Ended June 30, 2019

1. THE COMPANY AND ITS ACTIVITIES

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office is located at 1- McLeod Road, Lahore. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The manufacturing and assembling facilities of the Company are located at Karachi and Sheikhpura, with branches, customer care centres, warranty & training centres and other offices located in Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Islamabad.

The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% of issued, subscribed and paid-up capital of the Company as at June 30, 2019.

2. BASIS OF PREPARATION

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

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

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed. The condensed interim financial information of the Company for the quarter ended June 30, 2019 are unaudited.

2.2 The condensed interim financial information do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2019.

2.3 This condensed interim financial information are being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of the Act.

3. ACCOUNTING POLICIES

3.1. The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended March 31, 2019, except for certain amendments which did not have any effect on these condensed interim financial statements.

3.2. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

3.3. The Company follows the practice of conducting actuarial valuations annually at the year end. Hence, the impact of remeasurement of post-employment benefit plans has not been incorporated in the condensed interim financial information.

3.4. Changes in accounting policies due to adoption of certain standards

The following changes in accounting policies have taken place effective from January 01, 2019.

- IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition. It introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
- IFRS 16 'Leases' replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.
- IFRS 9 'Financial Instruments' and amendment: In July 2014, the IASB issued the complete version of IFRS 9 Financial Instruments and replaced IAS 39 Financial Instruments: Recognition and Measurement which is effective for annual periods beginning on or after January 01, 2018, however, Securities & Exchange Commission of Pakistan (SECP) vide S.R.O 1007(I)/2017 dated October 04, 2017 had notified the adoption of IFRS 9 for annual periods beginning on or after July 01, 2018. During the period, SECP via S.R.O 229 (I)/2019 dated February 14, 2019 has made IFRS 9 applicable from the reporting period/year ending on or after June 30, 2019 with earlier application permitted.

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in OCI, not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model of IAS 39. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss.

Management of the Company has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Company.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1. The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
- 4.2. During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended March 31, 2019.

5. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) June 30, 2019	(Audited) March 31, 2019
	Note	---- (Rupees in '000) ----	
Operating fixed assets	5.1	9,333,749	8,915,228
Capital work-in-progress		301,384	35,405
		<u>9,635,132</u>	<u>8,950,633</u>

5.1. Operating fixed assets

Book value at beginning of the period / year		8,915,228	7,858,301
Additions during the period / year	5.2	728,963	2,189,349
Disposals and write-off, costing Rs. 20,717 thousand (March 31, 2019: Rs. 136,314 thousand) - at book value		(13,185)	(68,832)
Depreciation charge for the period / year		(297,257)	(1,063,590)
Book value at end of the period / year		<u>9,333,749</u>	<u>8,915,228</u>

5.2. Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year were as follows:

		(Unaudited) June 30, 2019	(Audited) March 31, 2019
		---- (Rupees in '000) ----	
Freehold Land		441,659	109,201
Building on freehold land		-	226,155
Building on leasehold land		-	34,362
Plant and machinery		112,278	1,022,275
Dies and jigs		117,989	431,238
Factory equipment		2,126	74,630
Office equipment		202	12,612
Computers and accessories		3,828	20,502
Furniture and fixtures		-	14,375
Electric and gas fittings		804	105,818
Vehicles		50,077	138,181
		<u>728,963</u>	<u>2,189,349</u>

6. INTANGIBLE ASSETS

Book value at beginning of the period / year		168,924	44,905
Additions during the period / year		-	142,840
Amortisation charge for the period / year		(10,538)	(18,821)
Book value at end of the period / year		<u>158,386</u>	<u>168,924</u>

7. LONG TERM INVESTMENTS

Unquoted

Associate - equity accounted investment	7.1	325,602	323,497
Others - available for sale	7.2	-	-
		<u>325,602</u>	<u>323,497</u>

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	---- (Rupees in '000) ----	
7.1. Equity accounted investment - Atlas Hitec (Private) Limited		
Balance at beginning of the period / year	323,497	324,899
Share of profit for the period / year - net of tax	2,105	15,698
Dividend received during period / the year	-	(17,100)
Balance at end of the period / year	<u>325,602</u>	<u>323,497</u>

7.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23%(March 31, 2019:29.23%) of its issued, subscribed and paid-up capital as at June 30, 2019.

7.1.2 The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2019.

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	---- (Rupees in '000) ----	
7.2. Others - available for sale		

Arabian Sea Country Club Limited

200,000 ordinary shares of Rs. 10 each - cost	2,000	2,000
Less : Impairment in the value of investment	2,000	2,000
	-	-

Automotive Testing and Training Centre (Pvt.) Limited

50,000 ordinary shares of Rs. 10 each - cost	500	500
Less : Impairment in the value of investment	500	500
	-	-
	-	-

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	---- (Rupees in '000) ----	
8. SHORT TERM INVESTMENTS - at fair value through profit or loss		
Investments in units of mutual funds:		
- Related parties	4,164,986	4,541,488
- Others	611,318	720,236
	<u>4,776,304</u>	<u>5,261,724</u>

9. SHARE CAPITAL

During the period, a 20% issue of bonus shares in the ratio of one bonus share for every five shares held by the shareholders was proposed in the Board of Directors meeting held on April 24, 2019. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on June 21, 2019. The effect of the issue of 20,681,322 bonus shares of Rs. 10 each has been accounted for in this condensed interim financial information.

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 of the audited annual financial statements of the Company for the year ended March 31, 2019.

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	---- (Rupees in '000) ----	
10.1.2 Outstanding bank guarantees	1,083,634	782,422
10.2. Commitments		
10.2.1 Commitments in respect of:		
- capital expenditure other than letters of credit	44,249	6,789
- capital expenditure, raw materials and components through confirmed letters of credit	979,463	1,526,948
10.2.2 Aggregate commitments for Ijarah arrangements of vehicles as at period / year end are as follows:		

	(Unaudited) June 30, 2019	(Audited) March 31, 2019
	---- (Rupees in '000) ----	
Not later than one year	36,903	60,749
Over one year and no later than five years	60,433	70,387
	<u>97,337</u>	<u>131,136</u>

11. COST OF SALES

	--- (Unaudited) --- Three months period ended June 30, 2019	2018
	-----(Rupees in '000)-----	
Finished goods at beginning of the period	865,428	474,868
Cost of goods manufactured	19,511,361	18,943,630
Purchases	1,306,327	1,261,572
	<u>20,817,688</u>	<u>20,205,202</u>
	21,683,116	20,680,070
Finished goods at end of the period	(566,793)	(673,900)
	<u>21,116,323</u>	<u>20,006,170</u>

12. EARNINGS PER SHARE - basic and diluted

Net profit for the period	842,127	1,194,508
	---(Number of shares)---	
Weighted average number of ordinary shares in issue during the period	<u>124,087,936</u>	<u>124,087,936</u>
	---- (Rupees) ----	
Basic earnings per share	<u>6.79</u>	Restated <u>9.63</u>

12.1. There is no dilutive effect on the basic earnings per share of the Company. Number of shares in issue and earnings per share for three months period ended June 30, 2019 have been restated, taking the effect of bonus shares at the rate of 20% issued during the current period.

13. CASH GENERATED FROM /
(USED IN) OPERATIONS

		----- (Unaudited) ----- Three months period ended June 30,	
		2019	2018
Note		---- (Rupees in '000) ----	
	Profit before taxation	1,202,912	1,636,313
	Adjustments for non-cash charges and other items:		
	Depreciation of operating fixed assets	297,257	259,351
	Amortisation of intangible assets	10,538	2,928
	Net gain / (loss) in fair value of investments at fair value through profit of loss	39,690	(42,451)
	Gain on sale of investments	(16,492)	(20,935)
	Mark-up / interest on saving deposit accounts and TDRs	(163,369)	(205,988)
	Share of profit of an Associated Company	(2,105)	(10,000)
	Workers' profit participation fund	64,490	81,813
	Workers' welfare fund	24,506	31,769
	Provision for compensated absences	10,530	13,317
	Provision for gratuity	8,450	5,706
	Loss on disposal of fixed assets	1,108	-
13.1	Working capital changes	(905,284)	(3,101,045)
		572,231	(1,349,222)

----- (Unaudited) -----
Three months period
ended June 30,
2019 2018
---- (Rupees in '000) ----

13.1. Working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools	(42,311)	(81,727)
Stock-in-trade	541,817	(933,646)
Trade debts	(70,491)	(173,796)
Loans and advances	5,033	2,570
Trade deposits and prepayments	(67,898)	52,694
Other receivables	4,209	(4,897)
	370,359	(1,138,802)
Decrease in trade and other payables	(1,275,643)	(1,962,243)
	(905,284)	(3,101,045)

14. FINANCIAL RISK MANAGEMENT

14.1. Financial risk factors

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

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement for the year ended March 31, 2019.

14.2. Fair value estimation

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

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

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Assets - Recurring fair value measurement				
Financial assets at fair value through profit or loss				
Short term investments	4,776,304	-	-	4,776,304

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

15. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transactions	(Unaudited)		
		Three months period ended June 30,		
		2019	2018	
		---- (Rupees in '000) ----		
(i) Parent Company	Sale of goods	363	-	
	Dividend paid	542,207	1,463,959	
	Bonus shares issued	108,441	-	
	Rent	6,345	25,379	
	Purchase of operating fixed assets	388,001	-	
(ii) Associates	Sales:			
	- goods and services	444,026	301,391	
	- operating fixed assets	5,143	17,465	
	Purchases:			
	- goods and services	5,524,079	5,335,334	
	- operating fixed assets	44,662	42,876	
	Sale of units in mutual funds	1,150,000	1,500,000	
	Purchase of units in mutual funds	796,906	-	
	Dividend received from mutual funds	113,394	-	
	Royalty	980,154	925,253	
	Export commission	-	736	
	Technical assistance fee paid	8,435	18,134	
	Commission income	223	858	
	Insurance premium paid	24,275	38,335	
	Insurance claims received	4,691	1,565	
	Reimbursement of expenses - net	2,327	757	
	Dividend paid	29,317	79,157	
	Bonus shares issued	78,248	-	
	(iii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	18,416	15,855
(iv) Key management personnel	Managerial remuneration and benefits	31,886	32,647	
	Retirement benefits	1,665	1,662	

(Unaudited) (Audited)
June 30, March 31,
2019 2019
 ----- (Rupees in '000) -----

15.2. Period / year end balances are as follows:

Payable to related parties		
Trade and other payables	1,108,112	1,016,991
Long term loans	314	1,292
Compensated absences	33,583	40,573
Advance to related parties		
Capital work-in-progress	5,104	-
Trade Deposits & Prepayments	12,282	47,698

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended March 31, 2019 and the corresponding figures in the condensed interim profit or loss account & other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial information of the Company for the three months period ended June, 30, 2018.

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

17. DATE OF AUTHORIZATION FOR ISSUE

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



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

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