



Quarterly Report June 30,

2020

2020

Table of Contents

Company Information	2
Chairman's Review (English)	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 Changes in Equity	10
Condensed Interim Statement of Cash Flows	11
Notes to the Condensed Interim Financial Statements	12

Company Information

Board of Directors

- Aamir H. Shirazi

Chairman
- Sanaullah Qureshi

Director
- Abid Naqvi

Director
- Mashmooma Zehra Majeed

Director
- Ryo Takahashi

Director
- Yukitoshi Fujisaka

Director
- Hirofumi Yada

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
- Afaq Ahmed

Vice President Marketing
- Yukitoshi Fujisaka

Vice President Technical
- Hirofumi Yada

General Manager Technical
- Kashif Yasin

Chief Financial Officer
- Khawaja Shujaiddin

General Manager Commercial & Planning
- Faisal Iqbal

General Manager Human Resources & Administration
- Faisal Mahmud

General Manager New Model Center
- Muhammad Noman Khan

General Manager Engineering & Projects
- Muhammad Tahir Nazir

General Manager Production, Planning & Control
- Muhammad Qadeer Khan

General Manager Plants
- Muhammad Zafar Iqbal

General Manager After Sales
- Mujahid-ul-Mulk Butt

General Manager Sales
- Syed Tanvir Hyder

General Manager Supply Chain & Systems
- Zia Ul Hassan Khan

General Manager Quality Assurance

Audit Committee

- Abid Naqvi

Chairman
- Sanaullah Qureshi

Member
- Mashmooma Zehra Majeed

Member
- Muhammad Iqbal

Head of Internal Audit
- Marrium Ahmed

Secretary

Human Resource & Remuneration Committee

- Abid Naqvi

Chairman
- Sanaullah Qureshi

Member

Company Information

Auditors

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.

Tax Advisor

EY Ford Rhodes
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
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China Limited
Khushali Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office

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

Factories

F-36, Estate Avenue, S.I.T.E., Karachi-75730
UAN: 111-111-AHL (111-111-245)
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
Phone: (92-51) 5495781-84, 5495746-47

Makhdoom Altaf Road, West Sadiq Canal
Bank, Near City School, Rahimyar Khan
Tel: (068) 5883415-19,
Fax: (068) 5883414

2nd Floor, Dawood Centre, Autobhan Road,
Hyderabad.
Phone: (022) 3411361-9
Fax: (022) 34113670

1st Floor, Meezan Executive Tower,
4 – Liaquat Road, Faisalabad
Tel: (92-41) 2541011-7, 2541014

1st Floor, 28-Mozang Road, Lahore
Tel: (92-42) 36361191-5, 36360740-7

Show Room

West View Building, Preedy Street, Saddar,
Karachi
Tel : (92-21) 32720833, 32727607

Customer Contact Centre

UAN: (92-42) 111-245-222
Toll Free: 0800-245-22
Email: Contact.centre@atlashonda.com.pk
(Within working hours from Monday to Friday)

Chairman's Review

I am pleased to present the unaudited condensed interim financial information of the Company for the quarter ended June 30, 2020.

Macroeconomic Overview

The emergence of COVID-19 has caused major disruptions to economic activity around the world including Pakistan. The country's economy demonstrated its worst performance in 68 years, posting a negative growth of 0.38% in FY 2019-20. The drop in domestic and global demand compounded the strain on the economy. Monetary and fiscal policy interventions, such as interest rate reduction, payroll financing, announcement of stimulus package, have been made to ensure liquidity to cushion growth and employment. On the fiscal front, weak collections and higher expenditure in 4QFY20 mainly due to COVID-19 related developments resulted in a fiscal deficit of 9.5% of GDP. Keeping in view the unprecedented economic situation, the federal budget 2020-21 was presented without imposing any new taxes.

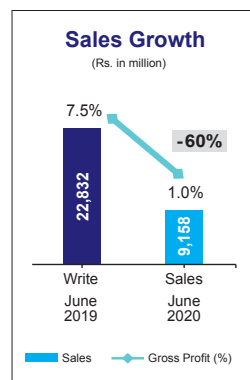
Despite challenging conditions, the outlook for external sector broadly remained stable. The current account deficit narrowed down by 70%. This was due to contraction in trade deficit for the second consecutive year to USD 23.2 billion on the back of 19% reduction in imports. Exports, which were struggling even before, fell to a four-year low of USD 21.4 billion, down by 6.8%. However, home remittances proved to be a silver lining as they reached an all-time high of USD 2.4 billion in June 2020, closing FY2020 with a total of USD 23.1 billion. These remittances along with other external and capital inflows helped foreign exchange reserves to close at USD 11.2 billion. Resultantly, Pak rupee remained relatively stable against dollar and closed at Rs. 168. With an improved inflation outlook but an increased downside risk to growth, SBP further reduced the policy rate to 7% in its recent Monetary Policy Statement.

The agriculture sector, which has not been much affected directly by the coronavirus or lockdown, recorded growth of 2.67% during the year. This represents a significant surge from last year's dismal 0.6%. Except cotton and sugarcane, positive growth was observed in all other important crops. However, challenges due to the locust outbreak that started to emerge in the later part of 2019, climate change and untimely rains kept production in this sector far below its potential.

Large Scale Manufacturing (LSM) is estimated to record a decline of 2.6% during the outgoing fiscal year. Even before the pandemic, the industrial output was depressed on account of measures undertaken for macroeconomic stabilization. Cost structures of businesses were adversely affected while consumers struggled to preserve their purchasing power. During the last quarter, the pandemic further intensified the economic woes as any recovery in the sector was hampered due to lockdown of businesses.

Operating Results

During the quarter ended June 30, 2020, the Company achieved net sales of Rs. 9.2 billion as compared to Rs. 22.8 billion in the same period of last year, down by 60%. This was due to the countrywide lockdown since March 2020. The Company resumed its operations from May 20, 2020 after the Government allowed the automobile sector to re-start its business activities. Resultantly, gross profit for the quarter declined from Rs. 1.7 billion to Rs. 88.7 million, down by 95%. Sales and marketing expenses registered at Rs. 295.3 million, a decrease of 44%. Administrative expenses declined by 3% and were recorded at Rs. 152.8 million. The decline in expenses was due to measures introduced for maximization of cost efficiencies and cancellation of discretionary expenses.



Other income, net of other operating expense and financial charges, contributed Rs. 241.7 million to the bottom line, 42% higher than the comparative period. However, the Company recorded loss after tax of Rs. 117.8 million against profit after tax of Rs. 842.1 million in the same period of last year. This translated into Loss per Share of Rs. 0.95 against Earnings per Share of Rs. 6.79 for the corresponding period of last year.

Future Outlook

The economic future depends on the time it takes to reverse the adverse effects of the pandemic on economic activities. With the extraordinary challenges posed by the crisis on almost all sectors of the national economy, the need to maintain food security and livelihoods has become even more important. It is, therefore, imperative to take measures for boosting agriculture production. Fiscal targets will be challenging to achieve as the Government plans to boost healthcare spending in the absence of adequate tax measures. The current account deficit, however, is expected to remain range bound. The recent fall in portfolio inflows is likely to be offset by official flows committed by the international community. Moreover, the phased lifting of lockdown restrictions along with declining new COVID-19 cases has raised hopes for normalised business activity in coming months. If this proceeds smoothly, it is expected that the economy will resume its growth momentum that would boost the demand for two-wheelers also.

Given the Company's strengths, and as the growth path becomes a reality, it is possible that demand effects of COVID-19 may be less overwhelming than what these appear today. In the meanwhile, the Company has explored new ways of reaching its customers and has continued to offer exciting products. It has become even more important to leverage every opportunity of cost optimization and productivity gains. The principles of the Atlas Way will continue to provide a firm premise for the Company's all future endeavors.

سہ ذرا نم ہو تو یہ مٹی بہت زرخیز ہے ساقی

(With socio economic public sense of direction industry does very well)

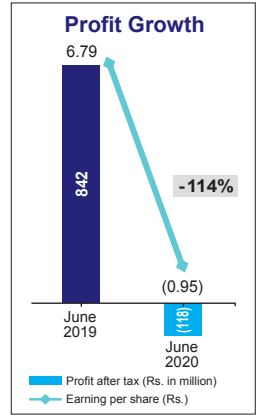
Acknowledgement

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 take this opportunity to thank our valued customers for the trust they continue to place in us, the management team for its sincere efforts, the Board of Directors for their guidance, Mr. Saquib H. Shirazi for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping build Atlas Honda Limited into a unique company.

Aamir H. Shirazi

Dated: July 28, 2020

Karachi



241.7 ملین روپے کی شراکت داری کی، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 42 فیصد زیادہ ہے۔ تاہم، کمپنی کو بعد از ٹیکس 117.8 ملین روپے کے نقصان کا سامنا کرنا پڑا جبکہ گزشتہ سال کی اسی مدت کے دوران بعد از ٹیکس منافع 842.1 ملین روپے تھا۔ جس سے فی حصص نقصان 0.95 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران آمدنی فی حصص 6.79 روپے رہی تھی۔

مستقبل کے خدوخال

معاشی مستقبل اس بات پر منحصر ہے کہ وبائی مرض کے بدترین اثرات معاشی سرگرمیوں سے کب دور ہوتے ہیں۔ قومی معیشت کے تقریباً تمام شعبوں پر بحران کے باعث پیدا ہونے والے غیر معمولی چیلنجز کے بعد، غذائی تحفظ اور معاش کو برقرار رکھنے کی ضرورت اور بھی اہم ہو گئی ہے لہذا زراعت میں پیداوار کو بڑھانے کے لیے اقدامات کرنا

لازمی ہیں۔ مالی اہداف کا حصول قدرے مشکل ہوگا کیونکہ حکومت ٹیکس کے مناسب اقدامات کی عدم موجودگی میں صحت میں اضافی اخراجات کا ارادہ رکھتی ہے۔ تاہم توقع ہے کہ کرنٹ اکاؤنٹ خسارہ اپنی متوقع حد کے اندر رہے گا۔ پورٹ فولیو زان فلو ز میں ہونے والی حالیہ کمی کو بین الاقوامی کمیونٹی کی جانب سے وعدہ کردہ فلو ز سے پورا کیا جاسکتا ہے۔ مزید یہ کہ COVID-19 کے نئے کیسز میں کمی کے ساتھ لاک ڈاؤن کی پابندیوں کے مرحلہ وار اٹھائے جانے سے آئندہ آنے والے مہینوں میں کاروباری سرگرمیوں کے معمول پر آنے کی امیدوں میں حوصلہ افزاء اضافہ ہوا ہے۔ اگر یہ سلسلہ توقع کے مطابق با آسانی آگے کی جانب بڑھتا ہے تو یہ توقع کی جاسکتی ہے کہ معیشت اپنی ترقی کی رفتار دوبارہ حاصل کرے گی، جس کے نتیجے میں دو پہیوں والی گاڑیوں کی طلب میں بھی اضافہ ہوگا۔

کمپنی کی طاقت اور استعداد کو دیکھتے ہوئے ایسا کہا جاسکتا ہے کہ جب معیشت اپنی ترقی کی راہ پر واپس گامزن ہو جائے گی تب ایسا بالکل ممکن ہے کہ COVID-19 کے اثرات سے طلب پر پڑنے والے اثرات اُس تخمینے سے کم ہوں جو فی الوقت ہمیں دکھائی دے رہے ہیں۔ اسی اثناء میں، کمپنی نے صارفین تک اپنی پہنچ کو زیادہ سے زیادہ بڑھانے کے لیے نئے طریقوں کی کھوج کی ہے اور ساتھ ہی دلچسپ مصنوعات متعارف کروانے کا سلسلہ جاری رکھا ہے۔ لاگت کی اصلاح اور پیداواری شمات سے بروقت مستفید ہونا مزید اہم ہو گیا ہے۔ "ٹلس وے" کے اصول کمپنی کی مستقبل کی تمام تر کاوشوں کے لیے مستحکم بنیاد فراہم کرتے رہیں گے۔

سہ ذرا ختم ہو تو یہ مٹی بہت زرخیز ہے ساقی

(With socio economic public sense of direction industry does very well)

اظہار تشکر

دی ٹلس گروپ ہنڈل موٹر کمپنی سے اپنی شراکت داری پر فخر محسوس کرتا ہے اور اپنے ممتاز حیثیت کے اعلیٰ معیارات کو برقرار رکھنے 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 شیرازی کو ان کی پراثر لیڈرشپ اور اپنے اسٹیبل ہولڈرز، مینجرز، ڈیلرز، ویڈرز، ایسوسی ایٹس اور شیئرز ہولڈرز کا بے حد ممنون و مشکور ہوں کہ جن کی مدد سے ٹلس ہنڈل ایئرڈ ٹولیکس کمپنی کی حیثیت حاصل ہے۔

AS

عامر ایچ شیرازی

تاریخ: 28 جولائی 2020

کراچی

چیمبر میں کا جائزہ

میں نہایت مسرت کے ساتھ 30 جون 2020 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے غیر پڑتال شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

میکرو اکنامک جائزہ

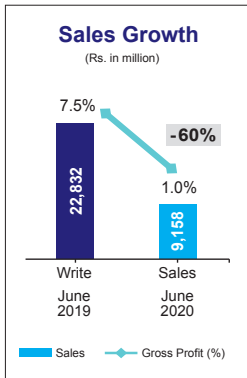
COVID-19 پھیلنے سے معاشی سرگرمیوں میں پیدا ہونے والی رکاوٹوں نے پوری دنیا سمیت پاکستان کو بھی متاثر کیا۔ ملکی معیشت نے گزشتہ 68 سالوں کے مقابلے میں بدترین کارکردگی کا مظاہرہ کیا اور اس طرح مالی سال 2019-20 میں ترقی کی رفتار منفی 0.38% رہی۔ ملکی اور غیر ملکی سطح پر طلب میں کمی نے معیشت میں تناؤ کو بڑھایا۔ مانیٹری اور مالیاتی پالیسی میں مداخلت جیسے کہ شرح سود میں کمی، پے رول فنڈنگ اور دیگر مصارف کے لیے اعلان کردہ چیکینج نے کشن گروتھ اور ملازمتوں میں سیالیت کو یقینی بنایا۔ مالیاتی محاذ پر مالی سال 2020 کی چوتھی سہ ماہی میں کم وصولیوں اور زیادہ اخراجات بوجہ COVID-19 سے متعلقہ اخراجات کے نتیجے میں شرح نمو کے اندر 9.5 فیصد کا مالیاتی خسارہ ریکارڈ کیا گیا۔ غیر معمولی معاشی صورتحال کو مد نظر رکھتے ہوئے وفاقی بجٹ 2020-21 نئے ٹیکس عائد کے بغیر پیش کیا گیا۔

تمام تر مشکلات کے باوجود، بیرونی شعبے کا آؤٹ لک وسیع پیمانے پر مستحکم رہا۔ کرنٹ اکاؤنٹ خسارہ 70 فیصد کم ہو گیا۔ جس کی وجہ لگاتار دوسرے سال بھی تجارتی خسارے میں 23.2 بلین ڈالر کی کمی ہے اور اس کا سبب درآمدات میں 19 فیصد کمی ہے۔ ملکی برآمدات جو کہ پہلے ہی کشش کا شکار تھیں وہ 6.8 فیصد کمی کے ساتھ چار سال کی کم ترین سطح 21.4 بلین ڈالر پر آگئیں۔ تاہم، اس موقع پر ترسیلات زراعت کی روٹ کر ثابت ہوئی اور اس میں اب تک سب سے نمایاں اضافہ دیکھنے میں آیا۔ یہ ترسیلات زر جون 2020 میں 2.4 بلین ڈالر رہیں اور اس طرح مالی سال 2020 کے اختتام تک مجموعی ترسیلات زر 23.1 بلین ڈالر پہنچ گئیں۔ ان ترسیلات زر کے ساتھ دیگر بیرونی اور کپٹل انفلو ز نے زرمبادلہ کے ذخائر کو 11.2 بلین ڈالر کی سطح پر رکھنے میں مدد کی۔ جس کے نتیجے میں پاکستانی روپے کی قدر امریکی ڈالر کے مقابلے میں قدر مستحکم رہتے ہوئے 168 روپے پر بند ہوئی۔ افراط زر میں بہتری لیکن شرح ترقی کی رفتار میں کمی کے بڑھتے ہوئے خطرات کے ساتھ، اسٹیٹ بینک آف پاکستان نے اپنی حالیہ مانیٹری پالیسی اسٹینٹ میں پالیسی ریٹ کو مزید کم کر کے 7 فیصد مقرر کیا۔

زریعی شعبہ جو کہ کرونا وائرس اور لاک ڈاؤن سے براہ راست زیادہ متاثر نہیں ہوا لہذا اس سال کے دوران اس میں 2.67 فیصد ترقی ریکارڈ کی گئی۔ یہ گزشتہ سال کے 0.6 فیصد مایوس کن اضافے کے مقابلے میں ایک امید افزاء اضافے کو ظاہر کرتا ہے۔ کپاس اور گنے کے علاوہ تمام دیگر اہم فصلوں میں اضافہ دیکھا گیا۔ تاہم، سال 2019 کے آخر میں ٹڈی دل کے حملوں، موسمی تغیرات اور بے موقع بارشوں کے سبب اس شعبے میں پیداوار اصل صلاحیت اور گنجائش سے کم رہی۔

اختتام پذیر مالی سال میں بڑے پیمانے پر مینوفیکچرنگ کے شعبے میں تیزی کا تخمینہ 2.6 فیصد لگایا گیا ہے۔ عالمی وباء سے پہلے بھی، صنعتی شعبے کی پیداوار مائیکرو اکنامک استحکام کے لیے اٹھائے جانے والے اقدامات کے سبب مایوس کن تھی۔ کاروباری لاگت کا ڈھانچہ بری طرح متاثر ہوا جبکہ صارفین اپنی قوت خرید کو برقرار رکھنے کے لیے جدوجہد کر رہے ہیں۔ اس آخری سہ ماہی کے دوران، وبائی مرض نے معاشی پریشانیوں کو مزید بڑھایا ہے کیونکہ اس شعبے کو کاروباری لاک ڈاؤن کے باعث بھی رکاوٹوں کا شدید سامنا کرنا پڑا۔

آپریٹنگ نتائج





30 جون 2020 کو ختم ہونے والی سہ ماہی کے دوران، کمپنی نے 9.2 بلین روپے کی نیٹ سیلز حاصل کیں جو کہ گزشتہ سال کی اسی مدت کے دوران 22.8 بلین روپے کے مقابلے میں 60 فیصد کم ہیں۔ جس کی وجہ مارچ 2020 سے ملک بھر میں جاری لاک ڈاؤن ہے۔ کمپنی نے حکومت کی جانب سے آٹوموبائل سکیم کو کاروباری سرگرمیاں دوبارہ سے شروع کرنے کی اجازت ملنے پر اپنے آپریٹرز 20 مئی 2020 سے بحال کیے۔ جس کے نتیجے میں، اس سہ ماہی کا گروس پرافٹ (مجموعی منافع) 95 فیصد کمی کے ساتھ 1.7 بلین روپے سے 88.7 بلین روپے رہ گیا۔ سیلز اور مارکیٹنگ کے اخراجات 44 فیصد کمی کے ساتھ 295.3 بلین روپے رہے۔ انتظامی اخراجات 3 فیصد کمی کے ساتھ 152.8 بلین روپے ریکارڈ کیے گئے۔ اخراجات میں کمی کی وجہ لاگت کی استعداد کار کو زیادہ سے زیادہ بنانے اور صوابدیدی اخراجات کی منوفی کے اقدامات متعارف کروانا ہے۔ دیگر آمدنی، دیگر آپریٹنگ اخراجات اور فنڈل چارجز کو ٹیکالے کے بعد

Condensed Interim Statement of Financial Position (Unaudited) As at June 30, 2020

	Note	(Unaudited) June 30, 2020 ------(Rupees in '000)-----	(Audited) March 31, 2020
ASSETS			
Non current assets			
Property, plant and equipment	5	10,078,326	10,041,495
Intangible assets		124,010	135,121
Long term investments	6	311,425	322,240
Long term loans and advances		34,577	36,671
Long term deposits		13,025	13,025
		<u>10,561,363</u>	<u>10,548,552</u>
Current assets			
Stores, spares and loose tools		759,025	683,123
Stock-in-trade		5,709,758	4,888,616
Trade debts		971,294	813,980
Loans and advances		42,122	42,752
Trade deposits and prepayments		389,232	686,517
Accrued mark-up / interest		16,342	22,392
Other receivables		1,560	329,021
Taxation - net		1,723,139	1,487,667
Short term investments	7	4,891,522	5,248,268
Bank balances		8,499,399	6,308,616
		<u>23,003,393</u>	<u>20,510,952</u>
		<u>33,564,756</u>	<u>31,059,504</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		1,240,879	1,240,879
Reserves		14,166,998	15,339,529
		<u>15,407,877</u>	<u>16,580,408</u>
Non current liabilities			
Lease liabilities		214,510	209,148
Long term loan	8	311,426	-
Staff retirement benefits		329,318	342,594
Deferred taxation		469,200	604,200
		<u>1,324,454</u>	<u>1,155,942</u>
Current liabilities			
Trade and other payables		16,011,090	13,191,935
Unclaimed dividend		685,639	100,985
Current portion of lease liabilities		31,887	30,234
Current portion of long term loan	8	103,809	-
		<u>16,832,425</u>	<u>13,323,154</u>
		<u>18,156,879</u>	<u>14,479,096</u>
Contingencies and commitments	9	<u>33,564,756</u>	<u>31,059,504</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Aamir 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 three Months Period Ended June 30, 2020

		Three months period ended June 30,	
	Note	2020	2019
		(Rupees in '000)	
Sales - net		9,158,229	22,832,003
Cost of sales	10	(9,069,509)	(21,116,323)
Gross profit		88,720	1,715,680
Sales and marketing expenses		(295,325)	(524,177)
Administrative expenses		(152,841)	(158,305)
Other income		265,579	263,124
Other operating expenses		(1,833)	(90,214)
(Loss) / profit from operations		(95,700)	1,206,108
Finance costs		(11,269)	(5,301)
Share of (loss) / profit of associate - net of tax		(10,815)	2,105
(Loss) / profit before taxation		(117,784)	1,202,912
Income tax expense		-	(360,785)
(Loss) / profit after taxation		(117,784)	842,127
Other comprehensive income		-	-
Total comprehensive income		(117,784)	842,127
----(Rupees)----			
(Loss) / earnings per share - basic and diluted	11	(0.95)	6.79

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Aamir 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 Period Ended June 30, 2020

(Rupees in '000)

Share capital	Capital reserves		Revenue reserves		Total
	Share premium	Gain on sale of land	General reserve	Unappropriated profit	

Balance as at April 1, 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
---	-----------	--------	-----	-----------	-----------	------------

Transactions with owners

Interim cash dividend for the half year

ended September 30, 2019 at the rate of Rs. 6.5 per share	-	-	-	-	(806,572)	(806,572)
---	---	---	---	---	-----------	-----------

Total comprehensive income for the nine

months period ended March 31, 2020	-	-	-	-	2,213,155	2,213,155
------------------------------------	---	---	---	---	-----------	-----------

Balance as at March 31, 2020	1,240,879	39,953	165	9,492,000	5,807,411	16,580,408
------------------------------	-----------	--------	-----	-----------	-----------	------------

Transactions with owners

Final cash dividend for the year ended

March 31, 2020 at the rate of Rs. 8.5 per share	-	-	-	-	(1,054,747)	(1,054,747)
---	---	---	---	---	-------------	-------------


Total comprehensive loss for the three

months period ended June 30, 2020	-	-	-	-	(117,784)	(117,784)
-----------------------------------	---	---	---	---	-----------	-----------

Balance as at June 30, 2020 (unaudited)	1,240,879	39,953	165	9,492,000	4,634,880	15,407,877
---	-----------	--------	-----	-----------	-----------	------------

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Aamir 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 Period Ended June 30, 2020

		Three months period ended June 30,	
	Note	2020	2019
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	2,703,057	572,231
Income tax paid		(370,472)	(695,936)
Compensated absences paid		(275)	(8,739)
Mark-up / interest received		155,781	155,565
Workers' profit participation fund paid		(235,000)	(249,324)
Long term loans and advances - net		2,094	(1,626)
Long term deposits - net		-	(48)
Net cash generated from / (used in) operating activities		2,255,185	(227,877)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(360,485)	(994,942)
Payments for investments acquired		(859,328)	(970,843)
Proceeds from sale of property, plant & equipment		10,269	12,077
Proceeds from sale of investments		1,200,000	1,433,065
Net cash used in investing activities		(9,544)	(520,643)
NET CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(470,093)	(662,001)
Loan received		415,235	-
Net cash used in financing activities		(54,858)	(662,001)
Net increase / (decrease) in cash and cash equivalents		2,190,783	(1,410,521)
Cash and cash equivalents at beginning of the period		6,308,616	7,480,159
Cash and cash equivalents at end of the period		8,499,399	6,069,638

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Aamir H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer


Kashif Yasin
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited) For the Three Months Period Ended June 30, 2020

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, 2020.

The operations of the Company were closed due to countrywide lockdown implemented in March 2020. The Company resumed its operations from May 20, 2020 after the Government allowed the automobile sector to re-start its business activities.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements 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 statements of the Company for the quarter ended June 30, 2020 are unaudited.

2.2 The condensed interim financial statements 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, 2020.

2.3 These condensed interim financial statements 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, 2020, 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, 2020.

IAS 1 & 8 - Definition of material

Amendments to IAS 1, 'Presentation of Financial Statements' and IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose of financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) June 30, 2020 ------(Rupees in '000)-----	(Audited) March 31, 2020
Operating fixed assets	5.1	9,501,486	9,748,903
Capital work-in-progress		357,312	61,562
Right of use assets		219,528	231,030
		<u>10,078,326</u>	<u>10,041,495</u>
5.1 Operating fixed assets			
Book value at beginning of the period / year		9,748,903	8,915,228
Additions during the period / year		64,735	2,156,180
Disposals and write-off, costing Rs. 16,583 thousand (March 31, 2020: Rs. 331,532 thousand)		(10,324)	(110,090)
- at book value		(301,827)	(1,212,415)
Depreciation charge for the period / year		<u>9,501,486</u>	<u>9,748,903</u>
Book value at end of the period / year			
6. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	6.1	311,425	322,240
Others - available for sale	6.2	-	-
		<u>311,425</u>	<u>322,240</u>

	(Unaudited) June 30, 2020 ----- (Rupees in '000) -----	(Audited) March 31, 2020
6.1 Equity accounted investment - Atlas Hitec (Private) Limited		
Balance at beginning of the period / year	322,240	323,497
Share of (loss) / profit for the period / year - net of tax	(10,815)	4,443
Dividend received during the period / year	-	(5,700)
Balance at end of the period / year	<u>311,425</u>	<u>322,240</u>

6.1.1 Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (March 31, 2020 : 29.23%) of its issued, subscribed and paid-up capital as at June 30, 2020.

6.1.2 The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2020. The loss is due to closure of operations on account of country wide lock down.

	(Unaudited) June 30, 2020 ----- (Rupees in '000) -----	(Audited) March 31, 2020
6.2 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
	-	-
	<u>-</u>	<u>-</u>

7. SHORT TERM INVESTMENTS

- at fair value through profit or loss

Investments in units of mutual funds:

- Related parties	4,209,481	4,587,309
- Others	682,041	660,959
	<u>4,891,522</u>	<u>5,248,268</u>

8. LONG TERM LOAN

This represents long term loan received from Habib Bank Limited under 'Refinance Scheme for payment of Wages and Salaries to the Workers and Employees of Business Concerns' introduced by State Bank of Pakistan. This loan carries mark-up at the rate of 1% per annum and is repayable in eight quarterly installments starting from January 2021.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 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, 2020.

	(Unaudited) June 30, 2020 ----- (Rupees in '000) -----	(Audited) March 31, 2020
9.1.2 Outstanding bank guarantees	1,519,392	875,370
9.2 Commitments		
9.2.1 Commitments in respect of:		
- capital expenditure other than letters of credit	104,522	100,799
- capital expenditure, raw materials and components through confirmed letters of credit	216,965	1,183,949
9.2.2 Aggregate commitments for ljarah arrangements of vehicles as at period / year end are as follows:		

	(Unaudited) June 30, 2020 ----- (Rupees in '000) -----	(Audited) March 31, 2020
Not later than one year	32,654	36,668
Over one year and no later than five years	20,573	33,610
	53,226	70,278

	(Unaudited) Three months period ended June 30, 2020 ----- (Rupees in '000) -----	2019
--	--	------

10. COST OF SALES

Finished goods at beginning of the period	864,308	865,428
Cost of goods manufactured	8,084,616	19,511,361
Purchases	717,281	1,306,327
	8,801,897	20,817,688
	9,666,205	21,683,116
Finished goods at end of the period	(596,696)	(566,793)
	9,069,509	21,116,323

11. EARNINGS PER SHARE - basic and diluted

Net (loss) / profit for the period	(117,784)	842,127
Weighted average number of ordinary shares in issue during the period	124,087,936	124,087,936
	----- (Number of shares) -----	
	----- (Rupees) -----	
Basic (loss) / earnings per share	(0.95)	6.79

11.1 There is no dilutive effect on the basic earnings per share of the Company.

		------(Unaudited)----- Three months period ended June 30, 2020 2019 ------(Rupees in '000)-----	
	Note		
12. CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(117,784)	1,202,912
Adjustments for non-cash charges and other items:			
Depreciation		313,330	297,257
Amortisation		11,111	10,538
Net gain / (loss) in fair value of investments at fair value through profit or loss		20,717	39,690
Gain on sale of investments		(4,644)	(16,492)
Mark-up / interest on saving deposit accounts and TDRs		(149,731)	(163,369)
Share of profit of an Associated Company		10,815	(2,105)
Workers' profit participation fund		-	64,490
Workers' welfare fund		-	24,506
Provision for compensated absences		(13,001)	10,530
Provision for gratuity		36,150	8,450
Loss on disposal of fixed assets		55	1,108
Interest on lease liabilities		7,014	-
Working capital changes	12.1	2,589,026	(905,284)
		<u>2,703,057</u>	<u>572,231</u>
12.1 Changes in working capital			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(75,902)	(42,311)
Stock-in-trade		(821,142)	541,817
Trade debts		(157,314)	(70,491)
Loans and advances		630	5,033
Trade deposits and prepayments		297,285	(67,898)
Other receivables		327,461	4,209
		<u>(428,982)</u>	<u>370,359</u>
Increase / (Decrease) in trade and other payables		3,018,008	(1,275,643)
		<u>2,589,026</u>	<u>(905,284)</u>
13. FINANCIAL RISK MANAGEMENT			
13.1 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 statements do 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 statements for the year ended March 31, 2020.			
13.2 Fair value estimation			
The carrying values of all financial assets and liabilities reflected in the financial statements 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	4,891,522	-	-	4,891,522

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

14. TRANSACTIONS WITH RELATED PARTIES

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

		(Unaudited) Three months period ended June 30,	
		2020	2019
		------(Rupees in '000)-----	
Relationship with the Company	Nature of transactions		
(i) Parent Company	Sale of goods	-	363
	Dividend paid	553,051	542,207
	Bonus shares issued	-	108,441
	Rent	2,213	6,345
	Purchase of operating fixed assets	287,400	388,001
(ii) Associates	Sales:		
	- goods and services	149,779	444,026
	- operating fixed assets	249	5,143
	Purchases:		
	- goods and services	2,334,831	5,524,079
	- operating fixed assets	12,918	44,662
	Sale of units in mutual funds	1,197,578	1,150,000
	Purchase of units in mutual funds	845,787	796,906
	Dividend received from mutual funds	145,787	113,394
	Royalty paid	972,600	980,154
	Technical assistance fee paid	8,666	8,435
	Commission income	-	223
	Insurance premium paid	21,936	24,275
	Insurance claims received	696	4,691
	Reimbursement of expenses - net	2,018	2,327
	Dividend paid	-	29,317
	Bonus shares issued	-	78,248
	Rent	415	-
	Donation	20,000	-
(iii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	19,224	18,416
(iv) Key management personnel	Managerial remuneration and benefits	27,159	31,886
	Retirement benefits	1,625	1,665

(Unaudited)
Three months period ended
June 30,
2020 2019
----- (Rupees in '000) -----

14.2 Period / year end balances are as follows:

Payable to related parties

Trade and other payables	447,340	1,304,353
Long term loans	5,173	2,816
Compensated absences	32,748	36,508

Advance to related parties

Capital work-in-progress	5,127	-
Trade Deposits & Prepayments	1,392	88,686

15. 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, 2020 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, 2019.

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

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on July 28, 2020 by the Board of Directors.



Aamir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Kashif Yasin
Chief Financial Officer

Atlas Honda Limited

1-McLeod Road, Lahore-54000

Ph: (92-42) 37225015-17, 37233515-17

Fax: (92-42) 37233518, 37351119

E-mail: ahl@atlas.com.pk

Website: www.atlashonda.com.pk