

EXPANDING LIMITATION!

FIRST QUARTER REPORT JUNE 2020





COVER CONCEPT

Sky is not the limit for Honda, in fact its just the beginning. Path-breaking ideas and technology that makes life easier is what we stand for and believe in!



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Company Information

Board of Directors

Mr. Aamir H. Shirazi	Chairman
Mr. Hironobu Yoshimura	President / CEO
Mr. Saquib H. Shirazi	Director & Senior Advisor
Mr. Kenichi Matsuo	Executive Director / VP (P)
Mr. Akira Muryama	Director
Mr. Kazunori Shibayama	Director
Mr. M. Feroz Rizvi	Independent Director
Mr. Ariful Islam	Independent Director
Ms. Rie Mihara	Independent Director

Company Secretary

Mr. Maqsood-ur-Rehman Rehmani

Chief Financial Officer

Mr. Ahmad Umair Wajid

Audit Committee

Mr. Feroz Rizvi	Chairman
Mr. Saquib H. Shirazi	Member
Mr. Akira Muryama	Member
Mr. Kazunori Shibayama	Member

Human Resource And Remuneration Committee

Mr. Feroz Rizvi	Chairman
Mr. Saquib H. Shirazi	Member
Mr. Hironobu Yoshimura	Member
Mr. Kenichi Matsuo	Member
Mr. Akira Murayam	Member

Executive Committee

Mr. Hironobu Yoshimura
Mr. Kenichi Matsuo
Mr. Maqsood-ur-Rehman Rehmani

Head Of Internal Audit

Mr. Hamood-ur-Rehman

Bankers

Allied Bank Limited
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Auditors

M/s A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

Registered Office

1-Mcload Road, Lahore, Pakistan
Tel: +92 42 37 225015-17
Fax: +92 42 37233518

Factory

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E-mail: info@honda.com.pk

Regional Offices

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19-C&D, Block L, Gulberg III,
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Chairman's Review

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

THE ECONOMY

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 look-down of businesses.

AUTOMOBILE INDUSTRY

The performance of auto industry remained lackluster. The lockdown imposed by the government in the latter half of March 2020 that continued till last week of May 2020, resulted in closure of plant operations along with car dealerships across the country. Automobile operations resumed to normalcy from June 2020. Resultantly, the industry production for the quarter was only 5,971 units against 40,917 units in the same period of last year. The sales were also down to 11,444 units against 49,317 units in the corresponding period last year. In line with industry numbers, the Company produced 2,263 units against 9,320 units and sold 2,335 units as compared with 8,356 units in first quarter of the last financial year.

FINANCIAL RESULTS

During the quarter ended June 30, 2020, the Company achieved net sales of Rs. 6.5 billion as

Chairman's Review

compared to Rs. 17.9 billion in the same period of last year, down by 64%. This was due to the countrywide lockdown since March 2020. Resultantly, gross profit for the quarter declined to Rs. 54 million from Rs. 1,350 million, down by 96%. The selling and administrative expenses were Rs. 329 million against Rs. 375 million. The decline in expenses was due to the measures introduced for maximization of cost efficiencies and cancellation of discretionary expenses. On the other hand, reduced car bookings declined other income to Rs. 91 million against Rs. 175 million and racked up financial and other charges to Rs. 215 million. Resultantly, the Company sustained loss before tax of Rs. 398 million against profit of Rs. 356 million of comparable period of last year. This translated into loss per share of Rs. 3.58 against earnings per share of Rs. 1.69 in first quarter 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 automobiles 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.

ذرائع ہوتو یہ مٹی بہت زرخیز ہے ساقی

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

ACKNOWLEDGEMENT

I would like to thank Honda Motor and Atlas Group for their continued support, and Mr. Hironobu Yoshimura and his team for their hard work in the demanding business environment. I also thank customer, dealers, bankers, vendors and shareholders for their support and trust in the company.



AAMIR H. SHIRAZI

Chairman

Date: July 24, 2020
Karachi

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**AS AT JUNE 30, 2020 (UN-AUDITED)**

Rupees in thousand	Note	Un-audited June 30, 2020	Audited March 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 200,000,000 (March 31, 2020: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital 142,800,000 (March 31, 2020: 142,800,000) ordinary shares of Rs. 10 each		1,428,000	1,428,000
Reserves		14,956,000	14,306,000
Revenue reserve: Un-appropriated (loss) / profit		(337,774)	823,254
		16,046,226	16,557,254
NON-CURRENT LIABILITIES			
Employee retirement benefits		205,149	187,484
Deferred taxation		270,298	270,510
Long term loan - secured		176,960	-
Deferred revenue		17,614	16,438
		670,021	474,432
CURRENT LIABILITIES			
Current portion of long term loan		58,987	-
Current portion of deferred revenue		15,242	20,498
Short term borrowings - secured		3,507,624	-
Short term loan from related party - unsecured		1,571,298	2,332,246
Accrued markup		58,477	75,547
Unclaimed dividend		48,038	48,038
Trade and other payables		12,478,770	12,333,799
		17,738,436	14,810,128
CONTINGENCIES AND COMMITMENTS	5		
		34,454,683	31,841,814
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,364,842	4,518,634
Intangible assets		251,053	289,015
Capital work-in-progress		113,081	97,062
Long term trade debts		98,910	117,080
Long term loans		193,606	213,814
Long term deposits		4,042	4,042
		5,025,534	5,239,647
CURRENT ASSETS			
Stores and spares		188,520	194,479
Stock-in-trade		16,038,500	11,268,644
Trade debts		1,048,741	868,505
Loans, advances, prepayments and other receivables		11,185,826	8,653,570
Derivative financial instruments		11,552	42,205
Short term investments		244,238	4,053,057
Cash and bank balances		711,772	1,521,707
		29,429,149	26,602,167
		34,454,683	31,841,814

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

Aamir H. Shirazi
Chairman

Hironobu Yoshimura
Chief Executive

Ahmad Umair Wajid
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

Rupees in thousand	Note	April - June	
		2020	2019
Sales	7	6,511,889	17,879,689
Cost of sales	8	(6,457,666)	(16,529,560)
Gross profit		54,223	1,350,129
Distribution and marketing costs		(180,804)	(177,891)
Administrative expenses		(147,909)	(196,787)
Other income		90,932	174,992
Other expenses		(125,552)	(739,808)
Finance cost		(89,356)	(54,441)
(Loss) / Profit before taxation		(398,466)	356,194
Taxation		(112,562)	(114,478)
(Loss) / Profit for the period		(511,028)	241,716
(Loss) / Earnings per share - basic and diluted (in Rupees)		(3.58)	1.69

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



Aamir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

Rupees in thousand	April - June	
	2020	2019
(Loss) / Profit for the period	(511,028)	241,716
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be subsequently reclassified to profit or loss	-	-
Total comprehensive (loss) / income for the period	(511,028)	241,716

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



Aamir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

Rupees in thousand	Share capital	Capital Reserve	Revenue Reserves		Total
		Share premium	General reserve	Un-appropriated (loss) / profit	
Balance as on April 01, 2020 (audited)	1,428,000	76,000	14,230,000	823,254	16,557,254
Appropriation of reserves					
Transfer to general reserve	-	-	650,000	(650,000)	-
Total comprehensive loss for the period					
Loss for the period	-	-	-	(511,028)	(511,028)
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	(511,028)	(511,028)
Transactions with owners in their capacity as owners recognised directly in equity					
	-	-	-	-	-
Balance as on June 30, 2020 (un-audited)	1,428,000	76,000	14,880,000	(337,774)	16,046,226
Balance as on April 01, 2019 (audited)	1,428,000	76,000	12,230,000	3,892,652	17,626,652
Appropriation of reserves					
Transfer to general reserve	-	-	2,000,000	(2,000,000)	-
Total comprehensive income for the period					
Profit for the period	-	-	-	241,716	241,716
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	241,716	241,716
Transactions with owners in their capacity as owners recognised directly in equity					
Final dividend for the year ended March 31, 2019 @ Rs 12.15 per share	-	-	-	(1,735,020)	(1,735,020)
Balance as on June 30, 2019 (un-audited)	1,428,000	76,000	14,230,000	399,348	16,133,348

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



Aamir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

Rupees in thousand	Note	April - June	
		2020	2019
Cash flows from operating activities			
Cash used in operations	10	(6,839,142)	(1,599,686)
Finance cost paid		(107,689)	(17)
Employees' retirement benefits and other obligations paid		(163)	(586)
Net decrease / (increase) in loans to employees		28,044	(2,212)
Income tax paid		(511,199)	(447,536)
Royalty paid		(183,253)	(476,080)
Net (decrease) / increase in deferred revenue		(2,537)	1,524
Net cash outflow from operating activities		(7,615,939)	(2,520,169)
Cash flows from investing activities			
Purchase of property, plant and equipment		(60,595)	(328,608)
Purchase of intangible assets		-	(77,517)
Proceeds from sale of property, plant and equipment		3,644	28,293
Proceeds from disposal of short term investments		-	568,926
Interest received		27,441	67,296
Net cash (outflow) / inflow from investing activities		(29,510)	258,390
Cash flows from financing activities			
Long term borrowings		235,947	-
Short term borrowings-net		2,783,311	-
Dividend paid		-	(610,974)
Net cash inflow / (outflow) from financing activities		3,019,258	(610,974)
Net decrease in cash and cash equivalents		(4,626,190)	(2,872,753)
Cash and cash equivalents at the beginning of the period		5,337,963	5,595,197
Cash and cash equivalents at the end of the period	11	711,772	2,722,444

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



Aamir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public company limited by shares incorporated in Pakistan on November 4, 1992 under the repealed Companies Ordinance, 1984 (now, the Companies Act, 2017). It is a subsidiary of Honda Motor Co., Ltd., Japan, (the 'holding company'). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The registered office of the Company is situated at 1-Mcleod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, Lahore. The Company also has regional offices situated at Asia House, 19-C&D, Block L, Gulberg III, Main Ferozepur Road, Lahore and C16, KDA Scheme No. 1, Karsaz Road, Karachi.

The Company's principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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 as applicable in Pakistan for interim financial reporting comprise of:

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- ii) Provisions of and directives issued under the Companies Act, 2017.

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

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended March 31, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended March 31, 2020.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on April 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the accounting periods beginning on or after April 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended March 31, 2020.

5. CONTINGENCIES AND COMMITMENTS**5.1 Contingencies**

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended March 31, 2020, except for the letter of guarantees amounting to Rs 3,242 million (March 31, 2020: Rs 2,430 million)

5.2 Commitments in respect of

(i) Letters of credit and purchase orders for capital expenditure aggregating to Rs 13.40 million (March 2020: Rs 98.57)

(ii) Letters of credit and purchase orders, other than capital expenditure, aggregating to Rs 2,582.83 million (March 2020: Rs 1,089.71 million)

Rupees in thousand	Note	Un-audited June 30, 2020	Audited March 31, 2020
6. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		4,518,634	4,905,667
Additions during the period/year	6.1	44,576	541,236
		4,563,210	5,446,903
Disposals during the period/year (book value)		(3,225)	(101,725)
Depreciation charged during the period/year		(195,143)	(826,544)
		(198,368)	(928,269)
		4,364,842	4,518,634
6.1 Following is the detail of additions during the period/year:			
- Building on freehold land		-	5,412
- Plant and machinery		-	342,844
- Furniture and office equipment		-	17,343
- Vehicles		43,260	148,806
- Tools and equipment		-	10,787
- Computers		1,316	16,044
		44,576	541,236

Rupees in thousand	2020	Un-audited April - June 2019
7. SALES		
Sales - own manufactured goods	7,730,098	21,265,351
Sales tax	(1,122,768)	(3,074,870)
Federal excise duty	(309,182)	(690,848)
Commission to dealers	(125,908)	(353,355)
Discount to customers	(3,279)	(6,099)
	6,168,961	17,140,179
Sales - Trading goods	408,455	814,414
Sales tax	(64,927)	(74,689)
Commission to dealers	(600)	(215)
	342,928	739,510
	6,511,889	17,879,689
8. COST OF SALES		
Manufacturing	6,222,125	16,033,838
Trading	235,541	495,722
	6,457,666	16,529,560

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

Rupees in thousand		Un-audited April - June	
		2020	2019
9. TRANSACTIONS WITH RELATED PARTIES			
i. Holding & associated companies	Sale of goods	13,856	67,138
	Purchase of goods	6,479,031	12,515,450
	Purchase of property, plant and equipment	4,514	232,701
	Sale of property, plant and equipment	-	14,766
	Purchase of intangible assets	-	70,759
	Insurance premium	125,042	155,359
	Insurance claim	3,388	8,280
	Technical assistance and training charges	7,588	21,055
	Royalty	125,011	346,802
	Recovery booked against warranty claims	32,029	317,147
	Dividend	-	1,408,764
ii. Post employment benefit plans	Contribution towards employees' post retirement funds	36,276	34,776
iii. Key management personnel	Remuneration to key management personnel	35,449	51,386

Rupees in thousand		Un-audited June 30, 2020	Audited March 31, 2020
Related party balances at period / year end are as follows:			
	Receivable from related parties	117,557	201,131
	Payable to related parties	5,978,978	6,715,541

Rupees in thousand		Un-audited April - June	
		2020	2019
10. CASH USED IN OPERATIONS			
	(Loss) / Profit before taxation	(398,466)	356,194
	Adjustment for:		
	-Depreciation on property, plant and equipment	195,143	199,571
	-(Gain) / loss on disposal of property, plant and equipment	(419)	3,054
	-Amortization of deferred revenue	(1,543)	(1,215)
	-Liabilities no longer payable written back	-	(19,865)
	-Profit on bank deposits	(10,058)	(74,505)
	-Profit on loans to employees and advances to suppliers	(3,513)	(2,543)
	-Gain on short term investments	(7,438)	(4,029)
	-Initial loss on recognition of trade debts	-	49,794
	-Discounting of receivables	12,907	-
	-Finance cost	90,620	-
	-Provision for employees' retirement benefits and other obligations	50,220	47,288
	-Amortization on intangible assets	37,962	25,885
	-Royalty	125,636	348,597
	-Working capital changes	(6,930,193)	(2,527,912)
		(6,839,142)	(1,599,686)

Rupees in thousand	Un-audited April - June	
	2020	2019
10.1 Working capital changes		
(Increase)/Decrease in current assets		
-Stores and spares	5,959	1,635
-Stock-in-trade	(4,769,856)	(4,764,505)
-Trade debts	(182,984)	404,731
-Loans, advances, prepayments and other receivables	(2,116,873)	303,815
	(7,063,754)	(4,054,324)
Increase in current liabilities		
-Trade and other payables	133,561	1,526,412
	(6,930,193)	(2,527,912)

Rupees in thousand	Un-audited	
	June 30, 2020	June 30, 2019
11 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following balance sheet amounts:		
Short term investments - Treasury Bills	-	1,476,745
Cash and bank balances	711,772	1,245,699
	711,772	2,722,444

Rupees in thousand	Manufacturing		Trading		Un-audited Total	
	April - June		April - June		April - June	
	2020	2019	2020	2019	2020	2019
12 SEGMENT INFORMATION						
Segment revenue	6,168,961	17,140,179	342,928	739,510	6,511,889	17,879,689
Segment expenses						
- Cost of sale	(6,222,125)	(16,033,838)	(235,541)	(495,722)	(6,457,666)	16,529,560
Gross (Loss) / Profit	(53,164)	1,106,341	107,387	243,788	54,223	1,350,129
Distribution and marketing costs					(180,804)	(177,891)
Administrative expenses					(147,909)	(196,787)
Other income					90,932	174,992
Other expenses					(125,552)	(739,808)
Finance cost					(89,356)	(54,441)
(Loss) / Profit before taxation					(398,466)	356,194
Taxation					(112,562)	(114,478)
(Loss) / Profit for the period					(511,028)	241,716

13. FINANCIAL RISK MANAGEMENT

13.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

NOTES TO AND FORMING PART OF CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 2020 (UN-AUDITED)

The condensed interim financial statements 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 annual financial statements as at March 31, 2020.

There have been no changes in the risk management department or in any risk management policies since the year end.

13.2 Liquidity Risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

13.3 Fair Value Estimation

The different levels for fair value estimation used by the Company have been explained 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).

The following table presents the financial assets and liabilities that are measured at fair value:

Un-audited June 30, 2020				
Rupees in thousand	Level 1	Level 2	Level 3	Total
Recurring fair value measurements At fair value through profit or loss				
Derivative financial instruments	-	11,552	-	11,552
Short term investments	-	244,238	-	244,238
Total Assets	-	255,790	-	255,790
Total Liabilities	-	-	-	-
Audited March 31, 2020				
Rupees in thousand	Level 1	Level 2	Level 3	Total
Recurring fair value measurements At fair value through profit or loss				
Derivative financial instruments	-	42,205	-	42,205
Short term investments	-	4,053,057	-	4,053,057
Total Assets	-	4,095,262	-	4,095,262
Total Liabilities	-	-	-	-

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on July 24, 2020 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, condensed interim statement of changes in equity, condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

16. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company proposed a final cash dividend for the year ended March 31, 2020 of Re 1.0 per share, amounting to Rs 142.80 million at their meeting held on June 02, 2020, which has been approved by the members at the Annual General Meeting held on July 14, 2020. The effect of this appropriation has not been included in these condensed interim financial statements and will be accounted for in the period in which they have been approved.



Aamir H. Shirazi
Chairman



Hironobu Yoshimura
Chief Executive



Ahmad Umair Wajid
Chief Financial Officer

تو توقع کی جاسکتی ہے کہ معیشت اپنی ترقی کی رفتار دوبارہ حاصل کر لے گی جو کہ آٹو موبائل کی طلب میں فروغ کا باعث بن سکے گی۔ کمپنی کی استقامت ترقی کے راستے کی حقیقت بن گئی ہے۔ ممکن ہے کہ COVID-19 کے نظر آنے والے اثرات آج سے کہیں کم ہوں۔ اسی دوران کمپنی نے اپنے کسٹمرز تک پہنچنے کے لیے نئے طریقے دریافت کیے ہیں۔ اور نئی مصنوعات اپنے کسٹمرز تک پہنچانے کے لیے پُر عزم ہیں۔ لاگت میں بہتری اور پیداواری منافع کو حاصل کرنے کے لیے ہر موقع سے فائدہ اٹھانا اور زیادہ اہمیت کا حامل ہو گیا ہے۔

ذرا نم ہو تو یہ مٹی بہت زرخیز ہے ساقی

اظہارِ تشکر:

میں ہنڈا موٹر اور اٹلس گروپ کا اُن کی مسلسل تعاون اور جناب ہیرونوبو یوشی مورا اور اُن کی ٹیم کا اس کٹھن وقت میں کی گئی کاوشوں کے لیے انتہائی شکر گزار ہوں۔ میں اپنے انتہائی معزز کسٹمرز، مینکمرز، وینڈرز، ڈیلرز اور شیئر ہولڈرز کا بھی کمپنی پر ان کے اعتماد اور یقین پر شکریہ ادا کرتا ہوں۔

جناب عامر ایچ شیرازی

چیرمین

کراچی: 24 جولائی 2020ء

روپے کے مقابلے میں 398 بلین ٹیکس سے پہلے نقصان کا سامنا ہے۔ بطور عواقب ہر حصص پر 3.58 روپے کا نقصان ہوا جو کہ گذشتہ سال کی پہلی سہ ماہی میں ہر حصص پر 1.69 روپے منافع تھا

مستقبل کا نقطہ نظر

معاشی مستقبل کا انحصار وبائی امراض کی وجہ سے معیشت پر بڑے والے منفی اثرات ختم ہونے کے درکار وقت پر ہے۔ قومی معیشت کے تقریباً تمام شعبوں پر بحران کے باعث پیدا ہونے والی غیر معمولی مشکلات کے بعد، غذائی تحفظ اور ذریعہ معاش کو برقرار رکھنے کی ضرورت مزید اہم ہو گئی ہے۔ لہذا زراعت کی پیداوار کو بڑھانے کے لیے اقدامات کرنا بہت ضروری ہیں۔

مالی اہداف حاصل کرنا مشکل ہوگا کیونکہ حکومت ٹیکس کے مناسب اقدامات کی عدم موجودگی میں بحث کی دیکھ بھال کے اخراجات میں اضافے کا ارادہ رکھتی ہے۔ تاہم کرنٹ اکاؤنٹ کا خسارہ توقع ہے کہ ایک خاص حد تک ہی رہے گا۔ موجودہ (Inflow) ان فلو میں توازن لانے کے لیے بین الاقوامی برادری کی طرف سے کیے گئے فلو (Flow) کو بہتر کرنے کے عزم کی مدد سے کیا جاسکتا ہے۔ مزید برآں COVID-19 کے نئے واقعات میں کمی کے ساتھ لاک ڈاون کی پابندیوں کے مرحلہ وار اٹھانے سے آنے والے مہینوں میں کاروباری سرگرمیاں معمول پر آنے کی اُمید ہے۔ اگر یہ معاملات آسانی سے آگے بڑھتے ہیں

اسی طرح فروخت بھی کم ہو کر 11,444 یونٹس رہی جو کہ گزشتہ برس کے اسی عرصے میں 49,317 یونٹس تھی۔ آٹوموبائل انڈسٹری کی فہرست میں کمپنی نے 2,263 گاڑیاں بنائیں جبکہ گزشتہ برس کی پہلی سہ ماہی میں 9,320 بنائیں اور 2,335 یونٹس فروخت کئے جبکہ پہلی سہ ماہی میں 8,356 یونٹس فروخت ہوئے تھے

مالیاتی نتائج:

30 جون 2020 کو ختم ہونے والی سہ ماہی کے دوران کمپنی نے 64% فیصد کمی کے ساتھ 6.5 بلین روپے کی فروخت کی، جو کہ گزشتہ سال اسی عرصے میں 17.9 بلین روپے تھی۔ فروخت میں کمی مارچ 2020 کے بعد ملک بھر میں لاک ڈاؤن کی وجہ سے ہوئی۔ نتیجتاً اس سہ ماہی کے لیے مجموعی منافع گزشتہ سال کے منافع 1,350 ملین روپے کے مقابلے میں 96% فیصد کم ہو کر 54 ملین روپے رہ گیا ہے۔ سیلنگ اور ایڈمنسٹریٹو اخراجات میں پچھلے سال کے 375 ملین کے مقابلے میں 329 ملین رہے۔ ان میں کمی کی وجہ لاگت کو کم سے کم کرنے کیلئے اور صوابدیدی اخراجات کی منسوخی جیسے اقدامات شامل ہیں۔ دوسری جانب کار کی بلنگ میں کمی کی وجہ سے دیگر آمدنی کم ہو کر 175 ملین روپے کے مقابلے میں 91 ملین روپے رہ گئی ہے۔ جبکہ مالی اور دیگر اخراجات بڑھ کر 215 ملین روپے تک پہنچ گئے ہیں۔ نتیجتاً کمپنی کو گزشتہ سال کے منافع 356 ملین

لکڑی دل کا پھیلنا 2019 کے آخری حصے میں ابھرنے والی مشکلات میں ایک اور اضافہ ہے۔ اسی طرح بے وقتی بارشوں اور موسمی تبدیلیوں نے اس شعبے میں پیداواری صلاحیت کو محدود کر دیا ہے۔

بڑے پیمانے کی صنعت

بڑے پیمانے کی صنعت نے سبکدوش ہونے والے مالی سال کے دوران کمی کا تخمینہ 2.6% فیصد ریکارڈ کیا ہے۔ وبائی امراض سے پہلے ہی معاشی استحکام کے لیے اٹھائے گئے اقدامات کی وجہ سے صنعتی پیداوار دباؤ کا شکار تھی۔ کاروباری لاگتی ڈھانچہ بُری طرح سے متاثر ہے، جبکہ صارفین اپنی قوت خرید کو برقرار رکھنے کے لیے کوشاں ہیں۔ آخری سہ ماہی کے دوران وبائی امراض نے معاشی مشکلات میں مزید اضافہ کیا ہے۔ جبکہ لاک ڈاؤن بھی اسے شعبے کی بہتری میں رکاوٹ بنا رہا۔

آٹوموبائل انڈسٹری

آٹو انڈسٹری کی کارکردگی غیر تسلی بخش رہی۔ مارچ 2020 کے آخر میں حکومت کی طرف سے کئے گئے لاک ڈاؤن کے اقدام کے نتیجے میں جو کہ مئی 2020 کے آخری ہفتے تک جاری رہا، ملک بھر میں کارڈیلر شپ کے ساتھ ساتھ پلانٹ آپریشنز بھی بند ہو گئے۔ جون 2020 سے آٹوموبائل آپریشنز بھی معمول پر آ گئے۔ نتیجتاً سہ ماہی میں صنعت کی پیداوار صرف 5,971 یونٹس رہی جو کہ پچھلے سال اسی عرصے میں 40,917 یونٹس تھی۔

چیرمین کا اظہار خیال:

19% فیصد کمی کے بعد مسلسل دوسرے تجارتی سالانہ خسارے میں 23.2 بلین ڈالر کی کمی ہوئی۔ برآمدات جو پہلے ہی مشکلات سے دوچار ہیں، چار سالوں میں 6.8% فیصد کمی سے ساتھ 21.4 بلین ڈالر کی کم ترین سطح پر پہنچ گئی ہیں۔ تاہم بیرونی ملکی ترسیلات چاندی کی چادر ثابت ہوئیں اور جون 2020 میں 2.4 بلین ڈالر کی بہترین سطح پر پہنچ گئیں ہیں۔ ان ترسیلات کے ساتھ دیگر بیرونی اور سرمایہ کی آمد کی بدولت زیرمبادلہ کے ذخائر 11.2 بلین ڈالر تک ریکارڈ کیے گئے ہیں۔ نتیجے کے طور پر پاکستانی روپیہ ڈالر کے مقابلے میں نیچا مستحکم رہا اور 168 روپے کے قریب رک گیا۔ افراط زر کی بہتر صورت حال کے ساتھ ساتھ ترقی کی شرح میں کمی کے خدشے کے پیش نظر سٹیٹ بینک نے حالیہ مالیاتی پالیسی میں شرح سود کو 7% فیصد تک کم کر دیا ہے۔

شعبہ زراعت:

شعبہ زراعت جو کہ کورونا وائرس اور لاک ڈاؤن کی وجہ سے براہ راست زیادہ متاثر نہیں ہوا ہے۔ جس کی وجہ سے رواں سال میں 2.67% فیصد اضافہ ریکارڈ کیا گیا۔ جو کہ گزشتہ سال کی پریشان کن 0.6% فیصد کی شرح کے مقابلے میں خاطر خواہ بہتری کی علامت ہے۔ کپاس اور گنے کی فصل کے علاوہ دیگر تمام اہم فصلوں میں بہتری کا مثبت رجحان دیکھا گیا۔ تاہم

میں انتہائی مسرت کے ساتھ 30 جون 2020 کو ختم ہونے والی سہ ماہی پر کمپنی کی عبوری غیر آڈٹ شدہ مالیاتی تفصیلات پیش کرنے جارہا ہوں۔

معیشت:

COVID-19 کے ظہور نے پاکستان سمیت دنیا بھر میں معاشی سرگرمیوں میں بڑی رکاوٹیں کھڑی کیں۔ ملک کی معیشت 68 سالوں میں بدترین کارکردگی کے ساتھ سال 2019-2020 میں منفی 0.38% فیصد ریکارڈ کی گئی۔ ملکی اور عالمی طلب میں کمی نے معیشت پر دباؤ مزید پیچیدہ کر دیا۔ مالیاتی پالیسی میں تبدیلیاں جیسے کہ شرح سود میں کمی، تنخواہوں کی مالی اعانت، امدادی پیکج کا اعلان جیسے اقدامات کیے گئے تاکہ ترقی اور روزگار کو یقینی بنایا جاسکے۔ مالیاتی مجاذی 4QFY20 میں کمزوری محصولات اور اخراجات میں زیادتی کی بنیادی وجہ COVID-19 کے متعلقہ اقدامات ہیں۔ جن کے پیش نظر GDP میں 9.5% فیصد مالی خسارہ کا سامنا کرنا پڑا غیر معمولی معاشی صورت حال کو مد نظر رکھتے ہوئے، وفاقی بجٹ 2020-21 میں کوئی نیٹیکس عائد کیے بغیر پیش کیا گیا۔ تمام تر مشکل حالات کے باوجود بیرونی شعبے کا نقطہ نظر وسیع پیمانے پر مستحکم رہا۔ کرنٹ اکاؤنٹ کا خسارہ 70% فیصد کم ہو گیا۔ جس کی وجہ درآمدات میں

AUTHORIZED SALES, SERVICE & SPARE PARTS 3S DEALERS

KARACHI

Honda Shahrah-e-Faisal

13-Banglore Town,
Main Shahrah-e-Faisal.
Tel: (021) 34547113-6,
34527070, 34527373,
34527474, 34527575
Fax: (021) 34526758

Honda Defence

67/1, Korangi Road
Near HINO Circle.
Tel: (021) 35805291-4, Fax: (021) 35389648

Honda SITE

C-1, Main Manghopir Road, SITE.
Tel: (021) 32577411-2, 32564926,
32570301, 32569381
Fax: (021) 32577412

Honda South

1-B/1, Sec. 23, Korangi Industrial Area.
Tel: (021) 35050251-4, Fax: (021) 35064599

Honda Drive In

118-C, Rashid Minhas Road.
Tel: (021) 34992832-7, 34992824-5
Fax: (021) 34992823

Honda Quaideen

233-A-2, PECHS.
Tel: (021) 34556071-3, 34556510-12
Fax: (021) 34554644

Honda Port Qasim

Plot No. 3B & 4B, Block-B,
Gulshan-e-Benazir Township Scheme,
PQA, Bin Qasim, Karachi.
Cell : 0333-1025816-17

Honda Khair

Plot 8B, Corridor Area,
near Gulshan e Mayamar Mor,
Main Super Highway.
UAN 111-111-772, (021) 36881414-18,
(0300) 2006735, (0321) 2005413,
(0336) 2323602

Honda United

D-8, Block-B, North Nazimabad,
Karachi Central.
Tel: (021) 36680551-55

HYDERABAD

Honda Palace

Shahbaz Town,
Jamshoro Road.
Tel: (0223) 6671789, 667032
Fax: (0223) 667519

RAHIM YAR KHAN

Honda Rahim Yar Khan

Shahbazpur Road, Cantt. Chowk.
Tel: (068) 5674446-8, Fax: (068) 5674445

SAHIWAL

Honda Montgomery

Sahiwal Bypass Lahore Road near P50
Tel: 0304-111-45-45, Fax: (040) 4502082

LAHORE

Honda Fort

32 Queens Road.
Tel: (042) 36314162-3, 36309062-3,
36313925, Fax: (042) 36361076

Honda Point

Main Defence Road.
Tel: (042) 35700994-5, 03334777921
Fax: (042) 35700993

Honda Gateway

15 - Km, Multan Road,
Tel: (042) 111 333 789
Fax: (042) 37511075

Honda Township

Main Peco Road,
Kot Lakhpat.
Tel : (042) 35843995-7
Fax : (042) 35943371

ISLAMABAD

Honda Classic

Plot 179, I 10/3,
Industrial Area.
Tel: (051) 4438801-5
Fax: (051) 4436446

Honda Avenue

1-Km, Koral Chowk,
Islamabad Highway,
Opp. Judicial Colony.
Tel: (051) 2326121-4, 0320 5007373
Fax: (051) 2326126

RAWALPINDI

Honda Centre

300, Peshawar Road.
Tel: (051) 5125181-5
UAN: (051) 111 300 123
Fax: (051) 5125186

MULTAN

Honda Breeze

63 Abdali Road.
Tel: (061) 4588871-3, 4547484
Fax: (061) 4588874

Honda Multan

Northern Bypass Road,
Near NCBA Institute.
Tel: (061) 8023241-44

JHELUM

Honda Express

Main GT Road, Kala Gujran
Tel : (0544) 272081-83
Fax : (0544) 272086

MARDAN

Honda Mardan (Pvt) Ltd.

Opposite Industrial Estate,
Surkh Dhery, Nowshera Road.
Tel : (0937) 881115
UAN: (0937) 111-627-326

FAISALABAD

Honda Faisalabad

East Canal Road.
Tel: (041) 8731741-4
Fax: (041) 8524029

Honda Chenab

123 JB Raja Wala,
Green View Colony.
Tel: (041) 2603449, 2603549
Fax: (041) 2603549

Honda Lyallpur

Gattwala Toll Plaza,
Sheikhupura Road.
Tel: (041) 2423774-9

SARGODHA

Honda Citrus Fields

7-Km Lahore Road.
Tel: (048) 3225186-7
Fax: (048) 3225869

GUJRANWALA

Honda Gujranwala

G.T. Road.
Tel: (055) 3415401-3
Fax: (055) 3415407

SIALKOT

Honda Falcon

Pakki Kotli, Daska Road.
Tel: (052) 3252000, 3251251-4
Fax: (052) 3563203

MIRPUR

Honda Empire

Mian Muhammad Road, Quaid-e-Azam
Chowk, Mirpur Azad Kashmir
Tel: (05827) 451501-3
Fax: (05827) 451500

PESHAWAR

Honda North

Main University Road.
Tel: (091) 5854901, 5700807, 5700808
Fax: (091) 5854753

ABBOTABAD

Honda Abbott

Kala Pull, Main Mansehra Road,
Musa Zai Colony.
Tel : (0992) 406991-7

DERA GHAZI KHAN

Honda HiSun

Multan Road, Dera Ghazi Khan
Tel: (064) 111-690-690
Fax: (064) 2689009

AUTHORIZED SALES, SERVICE & SPARE PARTS 25 DEALERS

KARACHI

Nazimabad Honda
1-J8/B Muslim League Quarter,
Main Road Nazimabad No.1,
Tel : (021) 3660336-7

LAHORE

JOHAR TOWN HONDA
892-R-1 Main Boulevard, Johar Town.
Tel : (042) 35291712 , 35291771

Aabpara Honda
Aabpara Market
16-Wahdat Road,
Tel: 042-35866932

Samanabad Honda
Plot No.29/30,
21 Acre Scheme Samanabad.
Tel: 042-37530563 , 37530579

Defence Honda
E-105, New Super Town,
Near Main Gate Defence Housing
Society, Main Boulevard, DHA
Tel: 0333-4444455

Smart Honda
Lidhar adjacent to Shell Pump,
Near Askari-11, Main Bedian Road,
Tel: 0323-4142008

FAISALABAD

Jaranwala Honda
Jaranwala Road.
Tel : (041) 8710616, 8541097

Civil Lines Honda
21/1, Jail Road, Civil Lines.
Tel : (041) 2641925, 2409394

MIRPURKHAS

Mirpurkhas Honda
Plots # A-3 & A-4, Mustafa Town,
Hyderabad Ring Road.
Tel: 0334-3301575

SUKKAR

Clock Tower Honda
Hussaini Road, Near Gurdwara.
Tel: 071-5617683

RAWALPINDI

Royal Honda
445-Meherabad,
Peshawar Road.
Tel: 051-5462464

Swan Honda
Swan Camp G.T. Road,
Adjacent to SOS.
Tel: 0300-5550569

ISLAMABAD

Margalla Honda
Service Road, E 11/4, Block B-2
Near Aura Grand Marque.
Tel: 051-2318051-52, 051-2318059

AMX Honda

Plot No 141, 1-9/2.
Tel : (051) 5617683

BAHAWALPUR

Horizon Honda
Bindra Pully, Multan Road.
Tel: 0321-6817729

MULTAN

Prime Honda
1- Mushtaq Colony,
Tel: 061-6538112, 8130005

OKARA

Modern Autos
Near Depalpur Chowk,
Depalpur Road.
Tel: 044-2528335

GUJRAT

River Edge Honda
Near Science College, G.T. Road.
Tel: 053-3523511

15 DEALERS

KARACHI

Sugoi Parts Center
Plot No. 1&2 Amber Electronics
Market, M.A Jinnah Road, Karachi No. 3,
Tel : (021) 32778211 & 2

Sugoi Sunset Parts Center
Shop No. 12-C, 12th Commercial Street
Phase II, Extension D.H.A.
Tel : (021) 35312766

LAHORE

Sugoi Parts Center
Shop No. 4-6. Shumail Center,
4-Montgomery Road
Tel: 042-36375900

Sugoi Defence Parts Center
Shop No. 1 Corner 26/26
Main Walton Road. Lahore Cantt.
Tel : (042) 36626987

RAWALPINDI

Sugoi Potohar Parts Center
4318/5 Main Road, Opposite Nadir-Autos, Gawalmandi
Tel: 051-5550500

MULTAN








Sugoi Multan Parts Center
103/9 Iqbal Plaza Opp. RTO Office,
Near Feasta Garden, LMQ Road.
Tel: 061-4586160-61










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