



Quarterly Report June 30,

2023

2023

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

Nurul Hoda
Director

Abid Naqvi
Director

Mashmooma Zehra Majeed
Director

Masanori Kito
Director

Shunsuke Miyazaki
Director

Kazushi Yamanaka
Director

Saquib H. Shirazi
Chief Executive Officer

Maheen Fatima
Company Secretary

Audit Committee

Mashmooma Zehra Majeed
Chairperson

Abid Naqvi
Member

Nurul Hoda
Member

Muhammad Asim
Head of Internal Audit

Maheen Fatima
Secretary

Human Resource & Remuneration Committee

Nurul Hoda
Chairman

Abid Naqvi
Member

Saquib H. Shirazi
Member

Tahir Nazir
Secretary

Management

Saquib H. Shirazi
Chief Executive Officer

Afaq Ahmed
Vice President Marketing

Shunsuke Miyazaki
Vice President Technical

Kazushi Yamanaka
General Manager Technical

Danyal Ahmed Rasheed
Chief Financial Officer

Faisal Mahmud
General Manager New Model Center

Hassan Mushtaq Cheema
General Manager Production, Planning & Control

Muhammad Ammar
General Manager Engineering & Projects

Muhammad Rashad Rashid
General Manager Quality Assurance

Muhammad Zafar Iqbal
General Manager After Sales

Mujahid-ul-Mulk Butt
General Manager Sales

Rashid Ahmed
General Manager Commercial & Planning

Syed Tanvir Hyder
General Manager Supply Chain & Systems

Tahir Nazir
General Manager Human Resources & Administration

Tahir Khan
General Manager Information & Technology

Zia Ul Hassan Khan
General Manager Plants

Company Information

Auditor

Shinewing Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor

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

Khushali Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

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: (92-21) 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 Contact Centre

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
Tel: (92-51) 5495921-7,
Fax: (92-51) 5475928

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.
Tel: (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

Showroom

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, 2023.

Macroeconomic Overview

The country is experiencing severe challenges reflecting long-standing structural weaknesses. The macroeconomic imbalances, high inflation, domestic supply shocks and international economic slowdown led to a fall in GDP growth rate to 0.3% in FY 23 as compared to 6.1% of last year. To address the challenges and sustain macroeconomic stability, the authorities have recently reached a 9-month Staff Level Agreement (SBA) with IMF. However, the nation needs a long-term sustainable plan to meet its extensive financing needs in the years ahead.

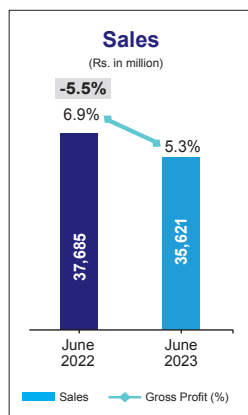
On the external front, policy tightening, and adoption of stabilization strategies has yielded positive results. The current account deficit (CAD) has narrowed by 85% to USD 2.6 billion in FY23. The improvement in CAD was mainly driven through the reduction in import bill from USD 135 billion to USD 55.3 billion. However, due to slowdown in global demand and an exchange rate peg, exports and workers' remittances declined by 13% and 14% respectively. Despite positive development in CAD, foreign exchange reserves held by the Central Bank dipped below USD 5 billion for the first time in ten years. However, improvements are expected in the coming months with the receipt of bailout funds from IMF and substantial deposits from multilateral countries. The significant low level of forex reserves, put extra ordinary pressure on the local currency, which breached the 285 USD level. Accordingly, to maintain macroeconomic stability and regulate aggregate demand, the Central Bank increased the benchmark interest rate to 22%, representing 600 bps increase since December 2022. On the fiscal front, due to the slowdown in economic activity, revenue collection remained short of target. PKR 7,000 billion was collected against the projection of PKR 7,600 billion. Going forward, in order to narrow the fiscal deficit, the Government has recently passed Finance Act, 2023 which has proposed imposition of further taxes on targeted segments and withdrawal of certain tax credits. The PSX 100 index was also impacted by the ongoing economic challenges. However, it remained resilient and improved significantly to over 45,000 points in early July because of improving investor sentiment.

The agriculture sector recorded a growth of 1.55% in FY 23 as compared to 4.27% of last year. This is due to a heavy monsoon spell and floods which caused massive damage to the standing crops. To support the sector, the agriculture financial institutions disbursed PKR 1,222 billion as compared to PKR 958 billion last year. Further, with better input situation and water supply, Rabi crops performed better. This helped to improve farm incomes. As a result, demand for consumer durables remained stable in rural areas.

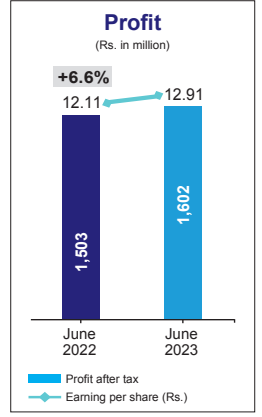
The Large-Scale Manufacturing (LSM) index contracted by 9.9% in FY 23. The sector's contraction is mainly due to import restrictions, rupee devaluation, higher financing costs, expensive energy, and local economic and political instability. Resultantly, most demand indicators including sales of cement, POL, automobiles, and textiles reflected a downward trend. However, the recent development under SBA with IMF ensuring unrestricted import movement and uplifting of foreign reserves will support industrial sector.

Operating Results

During the three months period ended June 30, 2023, the Company achieved net sales of Rs. 35.6 billion, a decline of 5% as compared to last year. This is due to lower sales volume on account of import restrictions, inflationary pressures, and overall slowdown in economy. Resultantly, gross profit declined from Rs. 2.6 billion to Rs. 1.9 billion, down by 28%. The decline in gross



profit was due to lower sales volume, increase in material prices, rising energy cost and devaluation of Pak rupee with a less than commensurate increase in selling prices. Sales and marketing expenses rose to Rs. 0.7 billion, an increase of 7.0%, which is attributable to promotional activities and an increase in fuel cost. Administrative expenses rose by 9% mainly due to effects of continued inflation. Other income, net of other operating expenses and financial charges, contributed an encouraging Rs. 1.8 billion to the bottom line, 3.1 times higher than the comparative period. This is on account of efficient treasury operations and increase in policy rate. The above factors supported the Company in achieving three months profit before tax of Rs. 2.8 billion, up by 18%. However, due to provision for super tax for the current and prior year, the profit after tax for the three months period ended registered at Rs. 1.6 billion, up by 7.0%. This translated into Earnings per Share (EPS) of Rs. 12.9 against Rs. 12.1 for the corresponding period of last year.



Future Outlook

The economy, over the years, has shown strong resilience despite unexpected volatility and uncertainty. Moving forward, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable growth. Macroeconomic adjustment measures, specifically, fiscal consolidation to complement the ongoing monetary tightening and exports, will help relieve pressure on Pak rupee. Several issues in Pakistan's economy can be resolved by moving towards privatization, institutional capacity development and supply-side measures aimed at providing long-term benefits to the economy. However, this will require a national consensus of all stakeholders in devising long term policies for moving towards sustainable development. As the economy returns to full capacity and recovery becomes durable, the two-wheeler segment is expected to resume its growth momentum.

While the macroeconomic situation undergoes a re-alignment, the Company remains confident in continuing its journey of sustained long-term growth. The Company is well-poised and has demonstrated its ability to avail new opportunities and handle adversity with an aim to keep building a long-term business proposition that increases stakeholder value. In this regard, the "Atlas Way" and "Atlas Systems" continue to remain the corner stone of our business philosophy.


عہ خراماں خراماں ارم دیکھتے ہیں
(We foresee bright prospects)

Acknowledgement

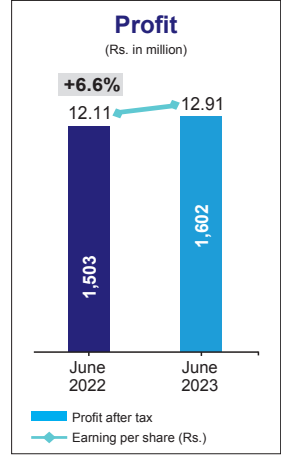
The Atlas Group takes great pride in its partnership with Honda Motor Company Limited and would like to acknowledge their continued support and cooperation in maintaining high standards of excellence. I would like to thank our valued customers for the confidence they continue to place in us, the management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

Dated: July 26, 2023

Karachi


Aamir H. Shirazi

میں مجموعی طور پر سست روی کی وجہ سے ہے۔ نتیجتاً، مجموعی منافع 2.6 بلین روپے سے کم ہو کر 1.9 بلین روپے ہو گیا جو 28 فیصد کمی کو ظاہر کرتا ہے۔ مجموعی منافع میں کمی فروخت کے کم حجم، خام مال اور بالخصوص توانائی کی قیمتوں میں اضافہ اور روپے کی قدر میں کمی اور قیمتوں میں مساوی اضافے نہ ہونے کے باعث پیش آئی۔ سیلز اور مارکیٹنگ کے اخراجات بڑھ کر 0.7 بلین روپے تک پہنچ گئے جو کہ 7 فیصد کا اضافہ ہے جس کی وجہ پر وہ مشنل سرگرمیوں اور ایندھن کی لاگت میں اضافہ ہے۔ انتظامی اخراجات میں 9 فیصد اضافہ ہوا جس کی بنیادی وجہ مسلسل بڑھتی ہوئی افراط زر کے اثرات ہیں۔ دیگر آمدنی (دوسرے آپریٹنگ اخراجات اور مالیاتی چارجز کے گراس) نے باٹم لائن میں 1.8 بلین روپے کا حوصلہ افزا حصہ ڈالا، جو تقابلی مدت سے 3.1 گنا زیادہ ہے۔ یہ موثر ٹریڈری آپریٹسز اور پالیسی ریٹ میں اضافے کی وجہ سے ہوا ہے۔ مندرجہ بالا عوامل نے کمپنی کو 18 فیصد اضافے کے ساتھ قبل از ٹیکس منافع 2.8 بلین روپے کے ساتھ تین ماہ میں سب سے زیادہ منافع حاصل کرنے میں معاونت کی۔ تاہم، موجودہ اور گزشتہ سال کے لیے سپر ٹیکس کی ادائیگی کی وجہ سے ختم ہونے والی سماہنی کے لیے بعد از ٹیکس منافع 7 فیصد اضافے کے ساتھ 1.6 بلین روپے رہا۔ جس سے آمدنی فی حصص 12.9 روپے رہی جو گزشتہ سال کی اسی مدت میں 12.1 روپے تھی۔



مستقبل کے خدو خدو

غیر متوقع اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود گزشتہ برسوں کے دوران معیشت نے اچھی پلک دکھائی ہے۔ مزید یہ کہ اصلاحات کی رفتار کو برقرار رکھنا اور استحکام کے تحفظ کے ساتھ پائیدار ترقی کو فروغ دینے کے لیے پالیسیوں پر توجہ مرکوز کرنا ضروری ہے۔ میکرو اکنامک ایڈجسٹمنٹ کے اقدامات بالخصوص جاری مالیاتی سختی اور برآمدات کے لیے مالی استحکام پاکستانی روپے پر دباؤ کو کم کرنے میں مدد کریں گے۔ پاکستان کی معیشت کے کئی مسائل جیسے نجکاری، ادارہ جاتی صلاحیت کا فروغ اور معیشت کو طویل مدتی فوائد فراہم کرنے کے لیے سہولتی سائیز اقدامات کی طرف بڑھ کر حل کیے جاسکتے ہیں۔ تاہم، اس کے لیے پائیدار ترقی کی جانب بڑھنے کے لیے طویل مدتی پالیسیاں وضع کرنے کے ساتھ تمام اسٹیک ہولڈرز کی قومی اتفاق رائے کی ضرورت ہوگی۔ جیسے جیسے معیشت، بہتری کی طرف آتی ہے تو قیاس ہے کہ دو پہیوں والے شعبے کی صنعت ترقی کی راہ پر دوبارہ گامزن ہو جائے گا۔

اب جبکہ میکرو اکنامک صورتحال دوبارہ ترتیب سے گزر رہی ہے، کمپنی طویل مدتی ترقی کے اپنے سفر کو جاری رکھنے میں پراعتماد ہے۔ کمپنی نے ابھرتے ہوئے مواقعوں سے فائدہ اٹھانے اور مناسب حکمت عملی پر عمل کرنے کی اپنی صلاحیت کا مظاہرہ کیا ہے۔ مزید یہ کہ کمپنی طویل المدتی کاروباری توجیز کو برقرار رکھنے اور اسٹیک ہولڈرز کی قدر میں اضافہ کا عزم رکھتی ہے جس کے لیے "ٹلس وے اور ٹلس سسٹم" کے اصول کمپنی کے مستقبل کی تمام ترقیوں کے لیے مستحکم بنیاد فراہم کرتے رہیں گے۔

خبر خراماں خراماں اِرم دیکھتے ہیں

(We foresee bright prospects)

اظہار تشکر

دی ٹلس گروپ ہنڈا 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 محترف ہے۔ میں اپنے سٹاکھولڈرز کے ہم پراعتماد، ہماری انتظامی ٹیم کی مخلصانہ کوششوں، بورڈ آف ڈائریکٹرز کی رہنمائی اور جناب ناقدین ایچ شیرازی کو ان کی براثر لیڈرشپ اور اپنے اسٹیک ہولڈرز، بینکرز، ڈیلرز، ویڈرز، ایسوسی ایٹس اور شیئر ہولڈرز کا بے حد ممنون و مشکور ہوں کہ جن کی مدد سے ٹلس ہنڈا لمیٹڈ کو ایک ممتاز کمپنی کی حیثیت حاصل ہے۔

عامر ایچ شیرازی

بتاریخ: 26 جولائی 2023

کراچی

چیرمین کا جائزہ

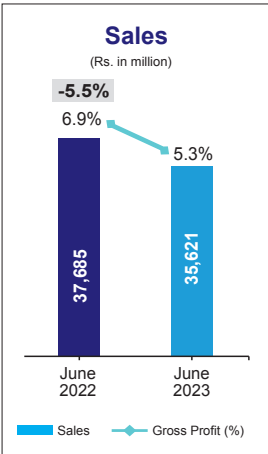
میں نہایت مسرت کے ساتھ 30 جون 2023 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کر رہا ہوں۔

میکرو اکنامک جائزہ

دیرینہ ساختی کمزوریوں کے باعث ملک کو شدید کنکشن کا سامنا ہے۔ معاشی عدم توازن، بلند افراط زر، اندرون ملک سپلائی میں دشواری اور بین الاقوامی معاشی سست روی کے باعث مالی سال 2023 میں جی ڈی پی کی شرح نمو گزشتہ سال کے 6.1 فیصد کے مقابلے میں 0.3 فیصد تک گر گئی۔ خطرات سے نمٹنے اور میکرو اکنامک استحکام کو برقرار رکھنے کے لیے، حکام نے حال ہی میں IMF کے ساتھ 9 ماہ کے اسٹاف لیول ایگریمنٹ (SBA) کا آغاز کیا ہے۔ تاہم، قوم کو آنے والے سالوں میں اپنی وسیع مالیاتی ضروریات کو پورا کرنے کے لیے ایک طویل المدتی پائیدار منصوبے کی ضرورت ہے۔

بیرونی حماز پر، پالیسی کے سخت اقدامات اور استحکام کی حکمت عملیوں کو اپنانے سے مثبت نتائج برآمد ہوئے ہیں۔ مالی سال 2023 کے دوران کرنٹ اکاؤنٹ خسارہ 85 فیصد کی کے ساتھ 2.6 بلین ڈالر رہ گیا۔ کرنٹ اکاؤنٹ خسارے میں بہتری، بنیادی طور پر درآمدی بل میں 135 بلین امریکی ڈالر سے 55.3 بلین امریکی ڈالر تک کم ہونے کے باعث پیش آئی۔ تاہم عالمی طلب میں کمی اور شرح مبادلہ (انٹربینک اور اپن مارکیٹ) میں فرق کی وجہ سے درآمدات اور ملازمین کی ترسیلات زر میں بالترتیب 13 فیصد اور 14 فیصد کمی واقع ہوئی ہے جبکہ کرنٹ اکاؤنٹ خسارے میں مثبت پیش رفت کے باوجود مرکزی بینک کے پاس موجود زرمبادلہ کے ذخائر س سالوں میں پہلی بار 5 بلین امریکی ڈالر کی سطح سے گر گئے۔ تاہم، آئندہ مہینوں میں IMF سے تیل آؤٹ فنڈ ز اور کثیر جہتی ممالک سے ذخائر کی کافی وصولی کے باعث بہتری کی توقع ہے۔ غیر ملکی زرمبادلہ کے ذخائر کی نمایاں کمی نے مقامی کرنسی پر غیر معمولی دباؤ ڈالا، جس نے امریکی ڈالر کے مقابلے میں 285 کی سطح کو بھی پیچھے چھوڑ دیا۔ اس کے مطابق، میکرو اکنامک استحکام کو برقرار رکھنے اور مجموعی طلب کو منظم کرنے کے لیے، مرکزی بینک نے نیچے مارک شرح ہذا کو بڑھا کر 22 فیصد کر دیا جو دسمبر 2022 کے بعد سے 600 بیسس پوائنٹس کے اضافے کی نشاندہی کرتا ہے۔ مالیاتی حماز پر، اقتصادی سرگرمیوں میں سست روی کی وجہ سے محصولات کی وصولی ہدف سے کم رہی۔ 7,600 بلین روپے کے تخمینہ کے مقابلے میں 7,000 بلین روپے جمع کیے گئے۔ مزید برآں، مالیاتی خسارے کو کم کرنے کے لیے حکومت نے حال ہی میں فنانس ایکٹ، 2023 منظور کیا ہے جس میں نارگنڈ بیکنگس پرمزیدنگس لگانے اور مخصوص ٹیکس کرڈٹس کو واپس لینے کی تجویز دی گئی ہے۔ PSX-100 اینڈیکس بھی جاری معاشی خطرات سے متاثر ہوا۔ تاہم اس میں مثبت لچک دیکھنے میں آئی اور سرمایہ کاروں کے جذبات کو بہتر بنانے کی وجہ سے جولائی کے مہینے کے ابتداء میں ہی 45,000 پوائنٹس پر نمایاں طور پر بہتر ہوا۔

مالی سال 2023 کے دوران، ذراعت کے شعبے میں گزشتہ سال کے 4.27 فیصد کے مقابلے میں 1.55 فیصد اضافہ ریکارڈ کیا گیا۔ اس کی وجہ مون سون کے شدید طوفان اور سیلاب نے کھڑی فصلوں کو بڑے پیمانے پر نقصان پہنچایا ہے۔ اس شعبے کو سہارا دینے کے لیے زرعی مالیاتی اداروں نے 1,222 بلین روپے تقسیم کیے جو گزشتہ سال 958 بلین روپے تھے۔ مزید برآں، ان پٹ کی بہتر صورتحال اور پانی کی فراہمی کے ساتھ، رینج کی فصلوں نے بہتر کارکردگی کا مظاہرہ کیا جس کے باعث ذراعت کی آمدنی کو بہتر بنانے میں مدد ملی۔ اس کے نتیجے میں، دیہی علاقوں میں صارفین کی پائیدار ایشیاء کی مانگ مستحکم رہی۔



مالی سال 2023 میں بڑے پیمانے پر مینوفیکچرنگ (LSM) اینڈیکس میں 9.9 فیصد کمی واقع ہوئی ہے۔ اس شعبے کے پھیلاؤ میں کمی بنیادی طور پر درآمدی پائندوں، روپے کی قدر میں کمی، زیادہ مالیاتی لاگت، منگنی توانائی اور مقامی اقتصادی اور سیاسی عدم استحکام کی وجہ سے ہے۔ نتیجتاً، سینٹ، پی او ایل، آٹوموبائلز اور ٹیکسٹائل کی فروخت سمیت طلب کے زیادہ تر اشارے ٹھیکے کی نشاندہی کرتے ہیں۔ تاہم، IMF کے ساتھ SBA کے تحت حالیہ پیش رفت غیر محدود درآمدی نقل و حرکت اور غیر ملکی ذخائر میں اضافے کو یقینی بنانے سے صنعتی شعبے کو مدد ملے گی۔

آپریٹنگ نتائج

30 جون 2023 کو ختم ہونے والی سہ ماہی میں کمپنی نے 35.6 بلین روپے کی گراس فروخت حاصل کی جو گزشتہ سال کے مقابلے میں 5 فیصد کم ہے۔ فروخت کا یہ کم حجم درآمدی پائندوں، افراط زر کے دباؤ اور معیشت

Condensed Interim Statement of Financial Position (Unaudited) As at June 30, 2023

		(Unaudited) June 30, 2023	(Audited) March 31, 2023
	Note	----(Rupees in '000)----	
ASSETS			
Non current assets			
Property, plant and equipment	5	12,277,344	12,158,765
Intangible assets		28,380	35,311
Long term investments	6	343,563	340,816
Long term loans and advances		84,217	75,469
Long term deposits	7	41,662	41,662
		<u>12,775,166</u>	<u>12,652,023</u>
Current assets			
Stores, spares and loose tools		1,108,378	1,083,666
Stock-in-trade		10,283,354	8,005,452
Trade debts		1,632,411	797,382
Loans and advances		80,848	94,502
Trade deposits and prepayments		1,507,630	2,242,128
Accrued mark-up / interest		277,968	343,803
Other receivables		486,535	1,874
Short term investments	8	14,828,013	10,114,241
Bank balances		22,215,531	34,702,516
		<u>52,420,668</u>	<u>57,385,564</u>
		<u>65,195,834</u>	<u>70,037,587</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		1,240,879	1,240,879
Reserves		21,528,299	21,539,063
		<u>22,769,178</u>	<u>22,779,942</u>
Non current liabilities			
Lease liabilities		138,424	148,102
Staff retirement benefits		579,918	559,591
Deferred taxation		633,022	633,022
		<u>1,351,364</u>	<u>1,340,715</u>
Current liabilities			
Trade and other payables		39,011,210	44,545,823
Taxation - net		166,858	50,005
Unclaimed dividend		233,082	222,975
Dividend payable		1,609,110	1,044,510
Current portion of lease liabilities		55,032	53,617
		<u>41,075,292</u>	<u>45,916,930</u>
		<u>42,426,656</u>	<u>47,257,645</u>
Contingencies and commitments	9	<u>65,195,834</u>	<u>70,037,587</u>

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

Amir H. Shirazi
Chairman

Saquib H. Shirazi
Chief Executive Officer

Daniyal Ahmed Rasheed
Chief Financial Officer

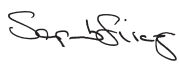
Condensed Interim Statement of Profit or Loss and Other
Comprehensive Income (Unaudited)
For the three months period ended June 30, 2023

	Note	Three months period ended June 30,	
		2023	2022
----(Rupees in '000)----			
Sales - net		35,621,093	37,685,080
Cost of sales	10	(33,743,047)	(35,061,856)
Gross profit		1,878,046	2,623,224
Sales and marketing expenses		(689,993)	(642,260)
Administrative expenses		(231,390)	(211,400)
Other income		2,026,892	765,811
Other operating expenses		(206,502)	(180,326)
Profit from operations		2,777,053	2,355,049
Finance costs		(17,079)	(10,899)
Share of profit of associate - net of tax		2,748	3,537
Profit before taxation		2,762,722	2,347,687
Income tax expense		(1,160,343)	(845,167)
Profit after taxation		1,602,379	1,502,520
Other comprehensive income		-	-
Total comprehensive income		1,602,379	1,502,520
----(Rupees in '000)----			
Earnings per share - basic and diluted	11	12.91	12.11

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



Amir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Daniyal Ahmed Rasheed
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited) For the three months period ended June 30, 2023

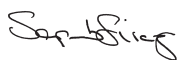
(Rupees in '000)

	Share capital	Capital reserves		Revenue reserves		Total
		Share premium	Gain on sale of land	General reserve	Unappropriated profit	
Balance as at April 1, 2022	1,240,879	39,953	165	9,492,000	10,254,641	21,027,638
Transactions with owners						
Final cash dividend for the year ended March 31, 2022 at the rate of Rs.15.0 per share	-	-	-	-	(1,861,319)	(1,861,319)
Total comprehensive profit for the three months period ended June 30, 2022	-	-	-	-	1,502,520	1,502,520
Balance as at June 30, 2022 (unaudited)	<u>1,240,879</u>	<u>39,953</u>	<u>165</u>	<u>9,492,000</u>	<u>9,895,842</u>	<u>20,668,839</u>
Transactions with owners						
Interim cash dividend for the half year ended September 30, 2022 at the rate of Rs.11.0 per share	-	-	-	-	(1,364,967)	(1,364,967)
Total comprehensive income for the nine months period ended March 31, 2023	-	-	-	-	3,476,070	3,476,070
Balance as at March 31, 2023 (audited)	<u>1,240,879</u>	<u>39,953</u>	<u>165</u>	<u>9,492,000</u>	<u>12,006,945</u>	<u>22,779,942</u>
Transactions with owners						
Final cash dividend for the year ended March 31, 2023 at the rate of Rs.13 per share	-	-	-	-	(1,613,143)	(1,613,143)
Total comprehensive income for the three months period ended June 30, 2023	-	-	-	-	1,602,379	1,602,379
Balance as at June 30, 2023 (unaudited)	<u>1,240,879</u>	<u>39,953</u>	<u>165</u>	<u>9,492,000</u>	<u>11,996,181</u>	<u>22,769,178</u>

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



Amir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Daniyal Ahmed Rasheed
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

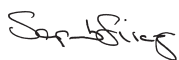
For the three months period ended June 30, 2023

	Note	Three months period ended June 30,	
		2023	2022
----(Rupees in '000)----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	12	(4,598,852)	2,662,874
Mark-up / interest paid		-	(1,278)
Income tax paid		(1,043,490)	(754,766)
Compensated absences paid		(9,944)	(5,828)
Mark-up / interest received		193,225	19,686
Workers' profit participation fund paid		(271,661)	(424,050)
Workers welfare fund paid		-	(4,261)
Long term loans and advances - net		(8,748)	(1,955)
Long term deposits - net		-	(28,000)
Net cash generated from / (used in) operating activities		(5,739,470)	1,462,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(496,393)	(1,391,374)
Intangible acquired		(2,940)	-
Payments for investments acquired		(5,222,640)	(6,054,235)
Proceeds from sale of property, plant & equipment		27,301	17,591
Proceeds from sale of investments		-	2,383,742
Net cash used in investing activities		(5,694,672)	(5,044,276)
NET CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(1,038,436)	(1,199,098)
Lease rentals paid		(14,407)	(11,407)
Long term borrowings - repaid		-	(62,500)
Net cash used in financing activities		(1,052,843)	(1,273,005)
Net decrease in cash and cash equivalents		(12,486,985)	(4,854,859)
Cash and cash equivalents at beginning of the period		34,702,516	17,424,657
Cash and cash equivalents at end of the period		22,215,531	12,569,798

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



Amir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Daniyal Ahmed Rasheed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited) For the three months period ended June 30, 2023

1. THE COMPANY AND ITS ACTIVITIES

1.1 Atlas Honda Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and spare parts. The Company is a subsidiary of Shirazi Investments (Private) Limited, which holds 52.43% (March 31, 2022: 52.43%) of issued, subscribed and paid-up capital of the Company.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the 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);
- 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 provision of and directives issues under the Companies Act, 2017 differ with the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2023.

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, 2023.

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 **Application of new standards, amendments and interpretations to the published approved accounting and reporting standards**

3.4.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ending March 31, 2024.

The following standards, amendments and interpretation are effective for the year ending March 31, 2024. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

	Effective from accounting periods beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023

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, 2023.

5. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) June 30, 2023	(Audited) March 31, 2023
	Note	---- (Rupees in '000) ----	
Operating fixed assets	5.1	11,955,237	11,931,412
Capital work-in-progress	5.2	174,395	66,930
Right of use assets		147,712	160,423
		<u>12,277,344</u>	<u>12,158,765</u>

5.1 Operating fixed assets

Book value at beginning of the period / year	11,931,412	9,821,446
Additions during the period / year	388,928	3,551,520
Disposals costing Rs. 48,159 thousand (March 31, 2023: Rs. 539,752 thousand) - at book value	(22,890)	(144,276)
Depreciation charge for the period / year	(342,213)	(1,297,278)
Book value at end of the period / year	<u>11,955,237</u>	<u>11,931,412</u>

5.2 Capital work-in-progress includes advance of Rs 29,890 thousand paid to Honda Atlas Cars (Related Party) for purchase of vehicles.

		(Unaudited) June 30, 2023	(Audited) March 31, 2023
	Note	---- (Rupees in '000) ----	
6. LONG TERM INVESTMENTS			
Unquoted			
Associate - equity accounted investment	6.1	343,563	340,816
Others - available for sale	6.2	-	-
		<u>343,563</u>	<u>340,816</u>
6.1 Equity accounted investment - Atlas Hitec (Private) Limited			
Balance at beginning of the period / year		340,816	343,534
Share of profit for the period / year - net of tax		2,747	322
Dividend received during period / the year		-	(3,040)
Balance at end of the period / year		<u>343,563</u>	<u>340,816</u>
6.1.1	The value of investment is based on unaudited condensed interim financial information of the investee company as at June 30, 2023.		
6.1.2	Investment in Atlas Hitec (Private) Limited (AHPL) represents 19,000,000 fully paid ordinary shares of Rs.10 each representing 29.23% (March 31, 2023 : 29.23%) of its issued, subscribed and paid-up capital as at June 30, 2023.		
		(Unaudited) June 30, 2023	(Audited) March 31, 2023
6.2 Others - available for sale		---- (Rupees in '000) ----	
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.	Long term deposits includes Rs 28,000 thousand (March 31, 2023 : Rs 28,000 thousand) paid to Atlas Energy Limited, a related party.		
		(Unaudited) June 30, 2023	(Audited) March 31, 2023
		---- (Rupees in '000) ----	
8. SHORT TERM INVESTMENTS			
- at fair value through profit or loss			
Investments in units of mutual funds:			
- Related parties		14,708,523	9,516,341
- Others		119,490	114,892
		<u>14,828,013</u>	<u>9,631,233</u>
At amortised cost - Treasury bills		-	483,008
		<u>14,828,013</u>	<u>10,114,241</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 There is no change in status of the contingencies as disclosed in note 25.1.1 of the audited annual financial statements of the Company for the year ended March 31, 2023.

	(Unaudited) June 30, 2023	(Audited) March 31, 2023
	---- (Rupees in '000) ----	
9.1.2 Outstanding bank guarantees	1,829,078	1,742,427
9.2 Commitments		
9.2.1 Commitments in respect of:		
- capital expenditure other than letters of credit	47,478	172,736
- capital expenditure, raw materials and components through confirmed letters of credit	10,234,605	3,325,464

9.2.2 Aggregate commitments for ljarah arrangements of vehicles and plant machinery as at period / year end are as follows:

	(Unaudited) June 30, 2023	(Audited) March 31, 2023
	---- (Rupees in '000) ----	
Not later than one year	398,526	423,630
Over one year and no later than five years	1,215,687	1,153,668
More than five years	358,796	388,849
	1,973,009	1,966,147

--- (Unaudited) ---
Three months period
ended June 30,
2023 2022
---- (Rupees in '000) ----

10. COST OF SALES

Finished goods at beginning of the period	1,730,184	1,699,558
Cost of goods manufactured	30,257,032	31,958,735
Purchases	3,708,203	2,771,140
	33,965,235	34,729,875
	35,695,419	36,429,433
Finished goods at end of the period	(1,952,372)	(1,367,577)
	33,743,047	35,061,856

11. EARNINGS PER SHARE - basic and diluted

Net profit / (loss) for the period	1,602,379	1,502,520
	---(Number of shares)---	
Weighted average number of ordinary shares in issue during the period	124,087,935	124,087,935
	---- (Rupees) ----	
Basic earnings / (loss) per share	12.91	12.11

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

-----**(Unaudited)**-----
Three months period
ended June 30,
2023 2022
Note ---- (Rupees in '000) ----

12. CASH GENERATED FROM OPERATIONS

Profit before taxation		2,762,722	2,347,687
Adjustments for non-cash charges and other items:			
Depreciation		354,923	302,552
Amortisation		9,871	9,757
Loss in fair value of investments at fair value through profit of loss		508,867	60,944
Gain on sale of investments		-	(41,306)
Mark-up / interest on saving deposit accounts and TDRs		(127,389)	(85,047)
Share of profit of an Associated Company		(2,747)	(3,537)
Workers' profit participation fund		148,226	126,084
Workers' welfare fund		56,326	52,173
Provision for compensated absences		30,270	19,892
Provision for gratuity		17,864	14,146
Gain on disposal of fixed assets		(4,411)	(39)
Interest on lease liabilities		6,145	4,965
Markup / interest on borrowings		-	312
Working capital changes	12.1	(8,359,519)	(145,710)
		<u>(4,598,852)</u>	<u>2,662,874</u>

12.1 Changes in working capital

(Increase) / decrease in current assets:

Stores, spares and loose tools	(24,712)	(24,149)
Stock-in-trade	(2,277,902)	(1,618,925)
Trade debts	(835,029)	(751,736)
Loans and advances	13,654	(2,041)
Trade deposits and prepayments	734,498	(1,097,625)
Other receivables	(484,661)	(38)
	<u>(2,874,152)</u>	<u>(3,494,514)</u>
Increase / (Decrease) in trade and other payables	<u>(5,485,367)</u>	<u>3,348,804</u>
	<u>(8,359,519)</u>	<u>(145,710)</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, 2023.

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	14,828,013	-	-	14,828,013

There was no transfer 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:

Relationship with the Company	Nature of transactions	(Unaudited) Three months period ended June 30,	
		2023	2022
		--- (Rupees in '000) ---	
(i) Parent Company	Sale of goods	183	111
	Purchase of goods and services	10,816	6,812
	Dividend paid	845,843	975,972
	Purchase of operating fixed assets	2,772	5,383
	Lease rentals paid	13,250	4,382
(ii) Associates	Sales:		
	- goods and services	411,178	376,540
	- operating fixed assets	3,108	4,188
	Purchases:		
	- goods and services	8,551,303	9,196,694
	- operating fixed assets	111,686	65,223
	Sale of units in mutual funds	-	1,870,000
	Purchase of units in mutual funds	4,779,929	5,255,250
	Dividend received from mutual funds	437,152	273,688
	Royalty paid	-	1,681,926
	Technical assistance fee paid	25,706	7,069
	Commission income	116	-
	Commission paid	51,562	21,357
	Insurance premium paid	80,448	62,076
Insurance claims received	10,312	3,050	
Reimbursement of expenses - net	3,324	3,340	
Dividend paid	45,735	52,771	
(iii) Staff retirement funds	Contributions paid to gratuity funds, provident fund / pension schemes	34,767	29,244
(iv) Key management personnel	Managerial remuneration and benefits	55,895	49,866
	Retirement benefits	2,514	2,233

(Unaudited)
**Three months period
 ended June 30,**
2023 2022
 ---- (Rupees in '000) ----

14.2 Period / year end balances are as follows:

Payable to related parties

Trade and other payables	9,286,205	2,161,821
Dividend payable	1,609,110	651,462
Compensated absences	50,661	45,100

Receivable to related parties

Long term loans	4,664	4,327
-----------------	-------	-------

Advance to related parties

Capital work-in-progress	59,268	16,508
--------------------------	--------	--------

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, 2023 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, 2022.

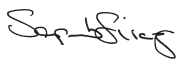
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison.

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on July 26, 2023 by the Board of Directors.



Amir H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Daniyal Ahmed Rasheed
Chief Financial Officer

PAGE LEFT BLANK INTENTIONALLY

PAGE LEFT BLANK INTENTIONALLY

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