

Today's promise,
Tomorrow's reality

Today's promise, Tomorrow's reality

Celebrating our 50 years with pride, Atlas Honda seeks to build on success from within. Envisioning tomorrow as a reflection of this success, we look toward a future brighter than ever.





About the Title Page

Behind every great force there is always a humble beginning, a chain of true events that write the course of history. Led by dedication, devotion and hard work was a beginning that eventually became the nation's driving force. The chronicles of the nation's largest motorcycle manufacturing company showcases the **Power of Dreams, Generation after Generation.**

Starting with an initial capital of Rs. 500,000, Mr. Yusuf H. Shirazi, the Chairman Atlas Honda, established an investment company, Shirazi Investment (Private) Limited (SIL). This event marked the birth of Atlas Group. Utilizing the funds generated through SIL, he signed a technical collaboration agreement with Honda Motor Company Limited (HMC) in 1963 for the sales of Honda motorcycles in Pakistan. The company that was formed as a result of this agreement was called "Atlas Autos Limited" with its manufacturing facility located in Karachi. Later in 1979, another new motorcycle manufacturing plant, at Sheikhpura namely Panjdarya Limited, was established.

To enhance the technological and production capabilities, a joint venture agreement was entered into in 1988 with HMC. Both Atlas Autos Limited and Panjdarya Limited operated separately until the two were merged in 1991 and "Atlas Honda Limited" (the Company) came into being.

Over the years, the Company has enjoyed tremendous success. With products of highest quality, state of the art manufacturing facilities, largest dealership network and impeccable after sale service, the Company today is considered the benchmark and flag bearer of the motorcycle industry in Pakistan.

However, the path ahead is fundamentally different. In the decades ahead, the solutions needed for achievement of goals must be systematic, sustainable and futuristic. Weaving social and environmental approaches into innovative business strategy and operations, Atlas Honda is embarking on the new journey. The next 50 years will see Atlas Honda transform the evolving societies and changing resources – all with its iconic style, performance and value. Knowing that from the progress of the past comes the promise of the future; the Company is well positioned to translate **today's promises into tomorrow's reality.**

Organisation
development
through
self development



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Vision

Market leader in the motorcycle industry, emerging as a global competitive centre of production and exports.

Mission

A dynamic growth oriented company through market leadership, excellent in quality and service and maximizing export, ensuring attractive returns to equity holders, rewarding associates according to their ability and performance, fostering a network of engineers and researchers ensuing unique contribution to the development of the industry, customer satisfaction and protection of the environment by producing emission friendly green products as a good corporate citizen fulfilling its social responsibilities in all respects.

Strategic Goals

Customers

Our Customers are the reason and the source of our business. It is our joint aim with our dealers to ensure that the customers enjoy the highest level of satisfaction from use of Honda motorcycles.

Quality

To ensure that our products and services meet the set standards of excellence.

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

To develop and maintain distinct business advantages through continuous induction of improved hard and soft technologies.

Shareholders

To ensure health and viability of business and thus safeguarding shareholders' interest by maximizing profit. Payment of regular satisfactory dividends and adding value to the shares.

Employees

To enhance and continuously update each member's capabilities and education and to provide an environment which encourages practical expression of the individual potential in goal directed team efforts and compensate them attractively according to their abilities and performance.

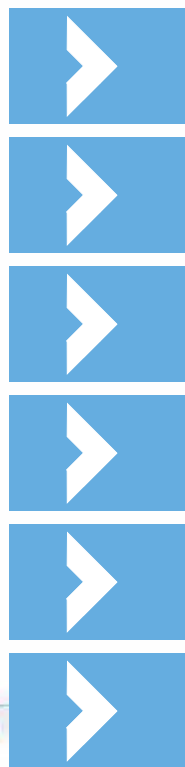
Corporate Citizen

To comply with all Government laws, rules and regulations and to maintain a high standard of ethics in all operations and to act as a responsible member of the society.





Quality Policy



Commitment to provide high quality motorcycles and parts.

Right work in first attempt and on time.

Maintain and continuously improve quality.

Training of manpower and acquisition of latest technology.

Safe, clean and healthy environment.

Market leadership and prosperity for all.



Company Information

BOARD OF DIRECTORS

Yusuf H. Shirazi
Chairman

Hisao Kobayashi
Director

Hiromitsu Takasaki
Director

Abid Naqvi
Director

Sanaullah Qureshi
Director

Kazuhisa Hirota
Director

Tariq Amin
Director

Saqib H. Shirazi
Chief Executive Officer

Syed Tanvir Hyder
Company Secretary

Abid Naqvi
Member
Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

HUMAN RESOURCE & REMUNERATION COMMITTEE

Sanaullah Qureshi
Chairman

Tariq Amin
Member

Saqib H. Shirazi
Member

Razi Ur Rehman
Secretary

Kashif Yasin
Chief Financial Officer

Muhammad Khalid Aziz
General Manager Plants

Muhammad Qadeer Khan
General Manager Quality Assurance

Hiromitsu Takasaki
General Manager Technical

Mushtaq Alam
General Manager Information Technology

Javed Afghani
General Manager Marketing

Razi Ur Rehman
General Manager Human Resources,
Administration & Corporate Affairs

Khawaja Shujauddin
General Manager Planning & Commercial

Shakil Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research & Development

Muhammad Noman Khan
General Manager Engineering & Projects

AUDIT COMMITTEE

Sanaullah Qureshi
Chairman

Tariq Amin
Member

MANAGEMENT COMMITTEE

Saqib H. Shirazi
Chief Executive Officer

Suhail Ahmed
Vice President Marketing

Hisao Kobayashi
Vice President Technical



Inside view of Sheikhupura Plant

AUDITORS

Hameed Chaudhri & Co.
Chartered Accountants

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

TAX ADVISOR

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

SHARES REGISTRAR

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7-Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

BANKERS

Allied Bank Limited
Bank Al-Habib Limited
Bank Alfalah Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited

Soneri Bank Limited
Standard Chartered Bank
(Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

REGISTERED OFFICE

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

FACTORIES

F-36, Estate Avenue, S.I.T.E.,
Karachi-75730
Tel: (92-21) 32575561-65
Fax: (92-21) 32563758
26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel: (92-56) 3406501-8
Fax: (92-56) 3406009

BRANCH OFFICES & CUSTOMER CARE CENTRES

Azmat Wasti Road, Multan
Tel: (92-61) 4540054, 4571989, 4572898
Fax: (92-61) 4541690
60-Bank Road, Saddar, Rawalpindi
Tel: (92-51) 5120494-6
Fax: (92-51) 5120497

House # 7, Atta Road, Canal Bank,
Rahim Yar Khan
Tel: (92-68) 5888809

391, Block D, Latifabad Unit # 6,
Hyderabad
Tel: (92-22) 3864983-4
Fax: (92-22) 3864985

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

SHOW ROOM

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

SPARE PARTS DIVISION

Plot # F-4/Y, S.I.T.E, Karachi-75730
Tel : (92-21) 38200077

WARRANTY & TRAINING CENTRES

7-Pak Chambers, West Wharf Road,
Karachi
Tel: (92-21) 32310142

* 28 Mozang Road, Lahore
Tel: (92-42) 36375360, 36303366

Azmat Wasti Road, Multan
Tel: (92-61) 4540028

* Customer Care services are also available at these locations.

Geographical Presence

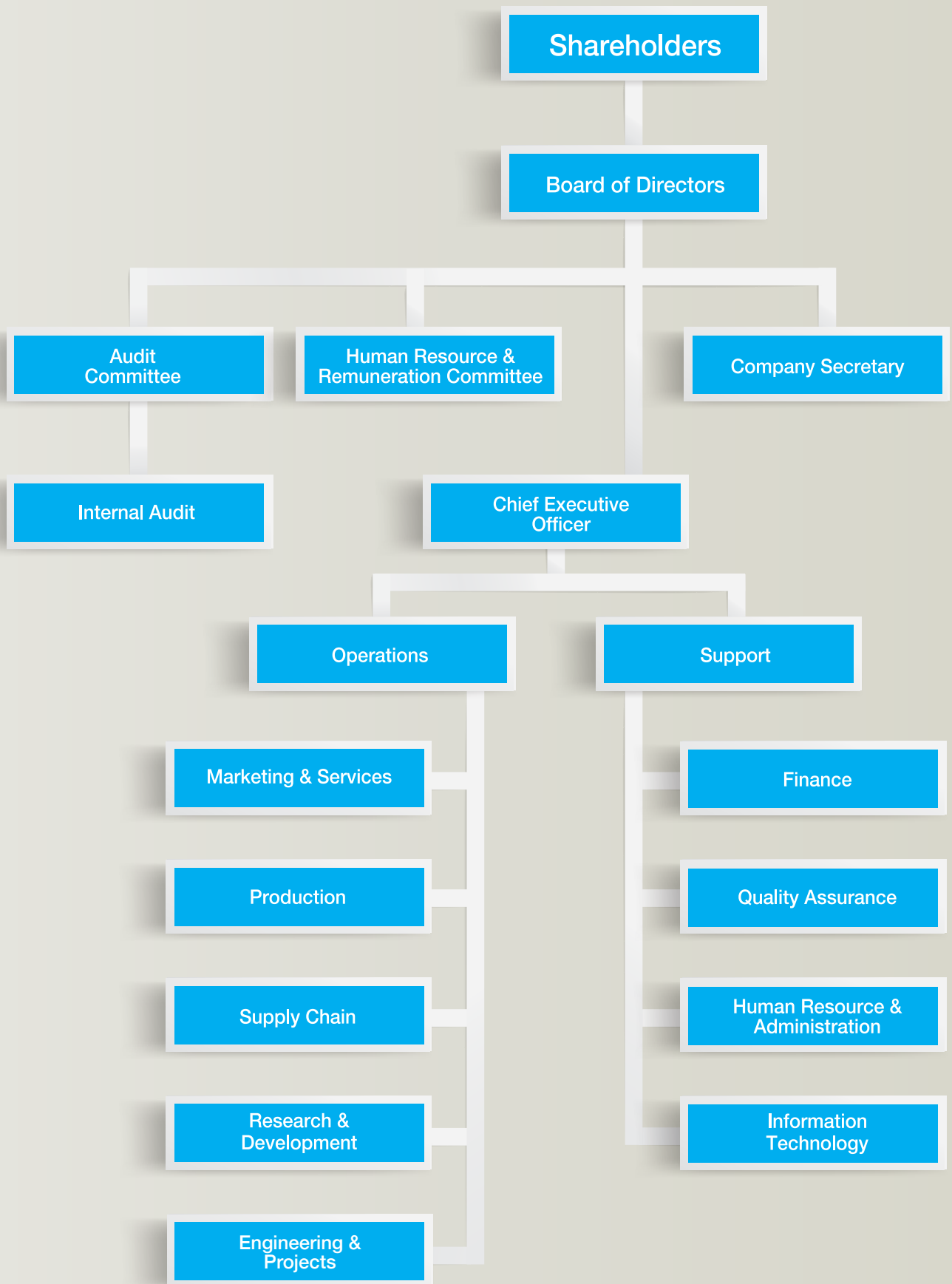
-  Head Office
-  Registered Office
-  Branch Office & Customer Care Centre
-  Factories
-  Warranty & Training Centre
-  Spare Parts Division
-  Showroom



Dealerships and Distribution Network

Atlas Honda's Dealerships are spread all over Pakistan. The complete dealership network is available at www.atlashonda.com.pk.

Organization Chart



- Company Overview
- Messages for Stakeholders
- Financial Highlights
- Financial Statements
- Other Information



A Journey of Success

1963-2013

This is the success story of Pakistan's largest motorcycle company. A story where dedication, devotion and hardwork have forever altered the way Pakistan rides everyday on the two wheel wonder, that is Honda.



1963 - 1972

Atlas Autos Limited is incorporated as public limited company.

First Technical Collaboration Agreement is signed between Atlas Autos Limited and Honda Motor Company Limited. The historical ceremony takes place in Tokyo, where Mr. Yusuf H. Shirazi and Mr. Soichiro Honda, founder of Honda Motor Company Limited, graces the occasion.

Atlas Autos becomes the first two wheeler Company in Pakistan to get listed on Stock Exchange.

Commercial production commences with sanctioned annual capacity of 6,000 units.

The Company launches a series of new models. Honda C 50, C 90 and S 90 gained immense popularity among the customers.

The first gas operated paint shop of Pakistan is designed and operated by the Company.

An in-house engineering workshop is set up and Company's dream of developing a completely localized product takes its first place.

1973 - 1982

A new model, S 110 Deluxe is introduced.

The Company launches two of its longest running and most popular production models, the fuel efficient CD 70 and high performance CG 125.

The Company sends its key engineers and dealers to Japan for training courses.

Panjaryana Limited, an associated Company, is incorporated with its plant facility at Sheikupura. Second Technical Assistance Agreement is signed with Honda Motor Company Limited.

Relay out, modernization and balancing of manufacturing facility is carried out.

Series of technical seminars on motorcycle technology are held in Pakistan in collaboration with the Association of Technical Scholarships of Japan.

A motorcycle Technical Training Centre is established in Lahore.

Panjaryana Limited commences commercial production.

The 2 stroke MB 100 is launched with a memorable advertising campaign.





1983 - 1992

The first major capacity expansion is completed in press, die making, tool and welding shops.

New CD 70 with econo-power engine is launched.

With the achievement of localization level of 50%, the Company continues its stride towards the goal of complete indigenization of motorcycle manufacturing in Pakistan.

A Quality Circle Movement, called "Ala Mayar Circle" is started, aiming at improvement in quality control and manufacturing techniques.

The Company organizes the first ever vendor conference.

Engine parts manufacturing plant is installed.

The Company celebrates its 25th year of incorporation.

Honda Motor Company acquires 10% equity in Atlas Autos.

Merger of Panjdarya Limited with Atlas Autos takes place.

The name of new merged company is changed to Atlas Honda Limited.

CG 125 engine parts manufacturing plant is installed at Sheikhpura plant and new model of CG 125 is launched.

1993 - 2002

New CD 70 model is introduced with latest ignition technology.

The Company formalizes eight technical assistance agreements between Japanese companies and vendors. Thus, the Company continues to play a key role in transfer of technology and vendor development in Pakistan.

The Company makes its first export to Bangladesh, Nepal, Sri Lanka, Middle East and Central Asia.

ISO 9002 certification is awarded to the Company.

The Company ranks among the top ten employers.

Dealer convention of motorcycle industry is held for the first time in Pakistan.

The new marketing strategy of "5S" Dealership is introduced. Under this revolutionary concept, the customers can avail the facilities of sales, service, spare parts, second hand motorcycle exchange and special (credit) sales – all under one roof.

The Company achieves localization level of 85%.

First ever customer education program is launched to have direct interaction with more than 5,000 customers.

2003 - 2013

The Company crosses the barrier of 100,000 units in 2003.

The new model CD 100 is launched.

The nationwide safety riding program is rolled out.

The Company extends the capacity at Sheikhpura plant by establishing, state of the art, 500k synchronized Assembly Plant.

The new model CG 125 Deluxe is launched.

Company hosts the 15th NHC Asia-Oceania Bloc Convention.

SAP, the leading ERP system, is implemented.

The Company surpasses 90% localization record.

The Company crosses the 500,000 units barrier in 2011.

The Company's corporate reporting practices are recognized through various awards by ICAP & ICMAP, SAFA, KSE, ACCA & WWF.

The new model "Pridor" is launched.

The Company becomes the first motorcycle company in Pakistan with all its models complied with latest emission standards.

The Company celebrates years of the nation's ride.





Celebrating 50 Years of



To celebrate 50th anniversary, numerous events focusing on Atlas Honda's glorious and splendid past took place. Impressive moments were created, remarkable experiences were witnessed and highly enthusiastic reactions were observed. Recalling the highlights of the anniversary year, following significant celebration events took place:



The ceremony cherished the efforts put in to uphold the leading position in a dynamic and competitive environment. A short film narrated the Company's journey towards becoming the nation's ride. Long Association Awards were presented to the Company's employees, dealers, vendors, bankers and various others in appreciation of their contribution in making Atlas Honda what it is today: the symbol of quality and success.

A video titled "Hands" was also shown to the audience which began by asking "Let's see what curiosity can do?" and proceeded with two hands creating various Honda products that covered the past and present offerings of HMC.

Chief Guest Mr. Takanobu Ito congratulated Atlas Honda for completing its 50 years of excellence and envisioned the further strengthening of collaboration between the Company and HMC. In his speech, Mr. Yusuf H. Shirazi shared his golden memories encompassing the beginning of idea and interaction with Japanese partners especially with Mr. Soichiro Honda. Mr. Ito also presented a souvenir commemorating the deep relationship shared by Mr. Yusuf H. Shirazi and Mr. Soichiro Honda, which is being taken forward by HMC and Atlas Honda Limited.

1

Anniversary Celebration Ceremony

Atlas Honda Limited celebrated its golden jubilee on December 9, 2013. The grand ceremony took place at the Company's Sheikhpura Factory. Mr. Takanobu Ito, President and CEO of Honda Motor Company Limited, Japan (HMC) was the guest of honor of the event. Mr. Hiroshi Kobayashi, Managing Officer, HMC & Chief Operating Officer, Regional Operations (Asia & Oceania), Mr. Yushiyuki Matsumoto, Managing Officer, HMC, Representative of Development Purchasing & Production (Asia & Oceania), Mr. Shinji Aoyama, Operating Officer & Director, HMC, COO, Motorcycle Operations, HMC, Mr. Yasushi Waguchi, General Manager, HMC were among the other dignitaries who graced the event. More than 1,000 other guests including vendors, dealers, bankers and other key stakeholders also attended the event.



2

Launch of CBR Series

Responding to the market demand for larger displacement bikes, Atlas Honda launched Honda CBR 500R and Honda CBR 150R on the occasion of anniversary celebration ceremony. The guest expressed high interest in these models and appreciated the power geared by 2-cylinders. With its full flaring design, effective engine cooling, charming racing strips and many advanced features, these models are ready to “Start the Thrill” for the youth.



3

Atlas Honda Gallery

The Atlas Honda Gallery is a place which archives the records relating to the Company's colorful history – documents, photographs, films, souvenirs and other valuable items. At the Gallery, Atlas Honda's nostalgic products from the beginning of the Company can be explored that embodies the Company's vision and its determination for advancement. The history of Atlas Honda is presented as a chronology along with the images on the dedicated “Timeline Walls”. On display are the mementos, souvenirs and other pieces of valuable memories which reflect the transformation of Mr. Yusuf H. Shirazi's vision into reality.

4

Branding of the Factory

Atlas Honda undertook a major branding initiative at Karachi and Shiekhpura Plant. An entire wall is dedicated to appraise the milestone events over the five decades of the Company's inspiring history. Also, major models which the Company has sold since 1963, are exhibited for the onlookers' interest.



5

50 Years History Book

As the Company moves forward to a new path leading to greater success, it is important to reflect on how it came all along. A record of such milestone events has been commemorated in the Company's 50 Year Book titled as "A Journey of Success". Spanning over five decades, the book gives overview of the key moments of the comprehensive history – the foundation, the major successes and greatest challenges. While it highlights the endeavors that drove the Company's success, particular mention were made of the contribution of indigenization efforts, improvement in technology and communication means. The book concludes with the aspirations and dreams the Company holds for the future.



6

Cricket Match

An exhilarating cricket match was held to commemorate 50 years anniversary at Gymkhana, Lahore on December 20, 2013. Mr. Amir H. Shirazi, Group President Atlas Group attended the event as Chief Guest. Mr. Saquib H. Shirazi, CEO Atlas Honda, participated as a player in one of the teams. A 20 over match was played between two teams comprising of the employees and dealers of the Company. Event was highly enjoyed by the families of the participants who cheered in support of their teams. At the end of the match, the Group President presented the trophy to the winning team.

7

Concluding Ceremony

The anniversary celebrations were concluded on December 21, 2013. CEO, Mr. Saquib H. Shirazi, appreciated the employees' enthusiasm of participation and the spirit of advancement. He added that the Company owes its success to each and every one of its employees. Sharing his ambitions for the future, he emphasized employees to take the same resolve forward to achieve the long term vision of growth and progress.



Board of Directors



Yusuf H. Shirazi
Chairman ▲

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters – socio – politico – economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology – Space & Upper Atmosphere Research Commission (SUPARCO).



Sanauallah Qureshi
Director ▲■◆

Mr. Sanauallah Qureshi qualified as a Chartered Accountant from Scotland and joined ICI Pakistan Limited in 1962. He worked in different capacities as General Manager and Director-in-charge of Finance, Human Resources and various other businesses of ICI. He retired as the Deputy Chairman of ICI in 1993. Mr. Qureshi joined as CEO of Forbes Forbes Campbell & Co. Limited, an old established Group dealing in shipping, trading and manufacturing. He retired from Forbes in 1995 and is now acting in advisory capacity with Captain-PQ Chemicals Industries Limited. He is the former President of Management Association of Pakistan. He previously held directorship in Linde Pakistan Limited (formerly known as BOC Pakistan Limited) and MYK Associates (Private) Limited. He has been on the Board of Atlas Honda Limited since February 2001.



Tariq Amin
Director ▲■◆

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading multinational company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited and the Salim Habib Education Foundation. He has experience both in private and public sectors. He is a law graduate from the University of Karachi, also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds.

▲ Non-Executive ● Executive ✕ Independent ■ Member Board Audit Committee ◆ Member Human Resource & Remuneration Committee



Abid Naqvi
Director ▲ ■ ✕

Mr. Abid Naqvi is the CEO of ACL Capital (Pvt.) Limited, a business development company affiliated with Associated Constructors Limited. He is also on the Board of Associated Constructors Limited, Alfalah GHP Investment Management Limited and Cherat Packaging Limited. He has worked in the fields of Commercial and Development Banking and Stock Brokerage for a period of Twenty Five years. He has also worked as CEO of Taurus Securities Limited, a renowned name in stock brokerage industry. He is a graduate from the University College London, UK in the field of Economics and Finance.



Hisao Kobayashi
Director ●

Mr. Hisao Kobayashi was acting as Head of Automobile Product Planning Office, Japan before being appointed to Pakistan. He was stationed in U.S.A. for Motorcycle Production Planning & Logistics, then assigned at Taiwan as Automobile Marketing and Product Planning Manager. Later on, he was appointed as the Managing Director of Honda ICVS Singapore. He has diversified knowledge of Honda products and has experience of working in different cultures and with Honda Partners. He is Vice President Technical and a member of the Board of Atlas Honda Limited since June 2010.



Kazuhisa Hirota
Director ▲

Mr. Kazuhisa Hirota is General Manager of Finance Division of Honda Motor Company Limited, Japan. He is also responsible for the region as General Manager of Regional Operations. He joined Honda in 1987. He has served at Business Planning Division. He has also served in China at Honda Automobile (China) Co. Limited and was in-charge of regional operations of Honda Motor (China) Investment Co. Limited.



Hiromitsu Takasaki
Director ●

Mr. Hiromitsu Takasaki has served at Planning Division of Honda Motor Company Limited, Japan before being appointed to Pakistan. Earlier he was stationed in U.S.A. He has started his career from four wheelers in 1989. He is member of the Board of Atlas Honda Limited since January 2014.



Saquib H. Shirazi
Chief Executive Officer ● ◆

Mr. Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Limited for the last thirteen years. He graduated from the Wharton School of Finance, before completing his Masters from the Harvard Business School. He has worked with the Bank of Tokyo - Mitsubishi UFJ Limited in Japan and is the former CEO of Atlas Investment Bank Limited. At present, he is serving as a member on the Board of Pakistan Petroleum Limited, Pakistan Cables Limited and Cherat Cement Limited. Previously, he has been on the Boards of National Refinery Limited, Sui Southern Gas Company Limited, PERAC and the Privatization Commission of Pakistan. He has also been on the Board of Harvard Business School's Global Alumni and served as President for the year from 2006 to 2008. He has been on the Board of Atlas Honda Limited since November 2000.

Major Events

An Eventful Year



April	May	June
BOD meeting for financial year ended March 31, 2013 was held to review and approve audited financial statements for the year ended March 31, 2013.	Engine plant conveyor was inaugurated at Karachi plant by Chairman, Mr. Yusuf. H. Shirazi.	23rd Ala Mayar vendors convention 2013 was organized by the Company.



December	November
<p>Associates from the Company completed IBA Diploma program especially designed for middle management associates.</p> <p>Mrs. Yusuf H. Shirazi inaugurated the Company's 50 years Gallery.</p>	<p>The Company launched CBR 150 and CBR 500, having special features along with its stylish look, effective engine cooling and power geared by two cylinders.</p> <p>The new CD Dream model was launched in 70 cc category having modern look and stylish design.</p>



January	February
<p>50 years celebration ceremony was held at Sheikhpura plant. Mr. Takanobu Ito, President & CEO, Honda Motor Company Limited graced the occasion by attending the program.</p> <p>The Company received KSE top 25 award</p>	<p>BOD Meeting for 3rd quarter was held for the approval of the unaudited third quarter financial results.</p> <p>The Board of Directors deliberated and approved the Annual Budget 2014-15 in the BOD Meeting held in February 2013.</p>



June



July

Atlas Honda Limited (the Company) and Habib Bank Limited signed an agreement for offering personal loan facility to salaried account holders for purchase of Honda motorcycles.

The Annual General Meeting of the shareholders of the Company was held on June 19, 2013 where distribution of a cash dividend of Rs. 7.5/share & bonus share @ 25% for the financial year 2012-13 was approved.

The Company received 1st position in environmental reporting organized jointly by ACCA and WWF Pakistan.

BOD meeting for 1st Quarter was held for approval of the unaudited first quarter financial results.



October



August

Top executive of the Company was sent to Harvard Business School to attend the Advance Management Program.

BOD meeting for 2nd quarter was held for the approval of the half yearly financial results reviewed by the auditors.

Mr. Hiroshi Inomata, Japanese Ambassador to Pakistan, visited the Company.

The Company received the 'Best Corporate Report' Award from Joint Committee of ICAP and ICMAP.



March



The Company was awarded 1st position as top employer in automobile sector by Rozee.pk.

The Company was once again awarded with 1st prize in plant and flower show arranged by Horticulture Society.

Extra Ordinary General Meeting was held in which Shareholders of the Company elected the Directors for the term of three years.

Winners of Dealers' Incentive Scheme were awarded with a trip to Japan.

Shareholders' Information

REGISTERED OFFICE

1-McLeod Road, Lahore
Tel: (92-42) 37225015-17
(92-42) 37233515-17
Fax: (92-42) 37233518
(92-42) 37351119

EXCHANGE LISTING

Atlas Honda Limited is listed on Karachi Stock Exchange (Guarantee) Limited (KSE) and Lahore Stock Exchange (Guarantee) Limited (LSE).

STOCK SYMBOL

The stock code for dealing in equity shares of Atlas Honda Limited at KSE and LSE is ATLH.

LISTING FEES

The annual listing fees for the financial year 2013-14 have been paid to the Karachi and Lahore Stock Exchanges and Central Depository Company of Pakistan Limited within the prescribed time limit.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all relevant particulars / information as required under the Companies Ordinance, 1984 and allied rules, the listing requirements and any other relevant laws, rules and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

ANNUAL GENERAL MEETING

Date: June 26, 2014
Time: 12:30 P.M.
Venue: Registered Office at
1-McLeod Road Lahore

FINANCIAL CALENDAR

April 2014	Audited annual results for the year ended March 31, 2014
May 2014	Mailing of Annual Reports
June 2014	Annual General Meeting
July 2014	Unaudited first quarter financial results.
November 2014	Unaudited half year financial results
January 2015	Unaudited third quarter financial results

DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has proposed a final cash dividend of Rs. 10 per share (100%) for the year ended March 31, 2014, subject to approval by the shareholders of the Company at the Annual General Meeting.

Dividend paid for the year ended March 31, 2013 was cash dividend Rs. 7.5 per share (75%) and Bonus shares @ 25% (one bonus shares for every four shares held).

DATES OF BOOK CLOSURE

The register of members and shares transfer books of the Company will remain closed from June 17, 2014 to June 26, 2014 (both days inclusive).

DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by the shareholders at the forthcoming Annual General Meeting, will be made on or after June 26, 2014.

Last year the Company dispatched the cash dividend and bonus shares on June 19, 2013 after approval from the shareholders at the 49th Annual General Meeting.

PAYMENT OF DIVIDEND

Cash dividends are paid through dividend warrants addressed to the shareholders whose names appear in the register of members at the date of book closure. Shareholders are requested to deposit those warrants into their bank accounts.

As per the directions to all Listed Companies by SECP vide Letter No. 8(4) SM/CDC 2008 Dated: April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (E-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandates including Name, Bank Account Number, Bank and Respective branch address to the Company in order to adhere the envisaged guidelines.

SHARE TRANSFER SYSTEM

Share transfers received by the Company's Share Registrar are registered within 30 days from the date of receipt, provided the documents are complete in all respects.

ANNUAL GENERAL MEETING

Pursuant to section 158 of the Companies Ordinance, 1984, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all shareholders at least 21 days before the meeting and also advertised in at least one English and Urdu newspaper having circulation in the province in which the Karachi and Lahore Stock Exchanges are situated.

PROXIES

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a General Meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who ought to be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the Company / Share Registrar not less than forty eight hours before the meeting.

Months	KSE			
	High	Low	High	Low
	2013-14		2012-13	
April	199.68	171.00	148.99	139.00
May	267.85	209.66	159.85	142.90
June	285.00	180.11	149.00	114.00
July	213.98	181.00	125.00	115.00
August	224.95	193.00	139.45	119.50
September	208.00	191.50	153.00	127.65
October	206.88	199.00	139.00	131.00
November	241.43	201.00	147.00	132.10
December	275.00	239.13	155.75	144.25
January	296.00	258.02	161.00	147.00
February	299.00	258.00	182.26	155.00
March	299.00	276.00	192.00	178.50

WEBSITE OF THE COMPANY

The Company is operating website www.atlashonda.com.pk containing updated information regarding the Company. The website contains the financial results of the Company together with Company's profile, the Atlas group philosophy and products of the Company.

CHANGE OF ADDRESS / E-MAIL ADDRESS

All registered shareholders should send information on changes of addresses and E-Mail address, if any to:

SHARES REGISTRAR

M/s. Hameed Majeed Associates (Pvt.) Limited.
H.M. House, 7-Bank Square, Shahrah-e-Quaid-e-Azam,
Lahore
Phone: (92-42) 37235081-82
Fax : (92-42) 37358817

MARKET PRICE DATA

The following table shows the month wise share price of the Company in the Karachi and Lahore Stock Exchanges:

Months	LSE			
	High	Low	High	Low
	2013-14		2012-13	
April	199.68	176.00	148.99	140.38
May	265.11	209.66	157.79	143.32
June	281.15	181.14	146.13	114.63
July	208.88	183.50	123.63	115.54
August	220.07	193.00	139.45	120.62
September	206.56	192.81	147.96	131.51
October	205.50	200.00	132.72	131.00
November	241.43	201.25	145.81	132.10
December	272.00	240.07	154.08	144.76
January	286.87	258.54	156.91	148.28
February	285.09	258.01	180.30	157.79
March	295.00	277.05	191.50	183.92

Chairman's Review

"In the last more than 50 years, Atlas Honda has established a powerful platform for growth. It will continue re-investing in business to capitalize on long-term growth opportunities, with an enhanced dynamic product portfolio and expanded brand activities. Together with its strategic vision, the Company will ensure that it delivers sustainable value to all its stakeholders in the years ahead."

I am pleased to present the 50th Annual Report of the Company for the year ended March 31, 2014.

Economy

The country has experienced an all round improvement in the economy. Major indicators have generally followed healthy trends. Foreign exchange reserves surged to USD 10.09 billion. This was due to strong growth in remittances, inflows from IMF and receipts from multilateral and bilateral sources. It also paved the way for recovery of Pak Rupee which appreciated sharply by 6.1% against the US Dollar. The timely materialization of Eurobond receipts, CSF inflows and 3G license auction proceeds will bring further stability to the exchange rate. On the external front, exports went up by 6% in comparison to imports which increased by 1% only. Resultantly, the current account deficit narrowed down to 1.2% of GDP at USD 2.02 billion. These improvements kept the momentum going in the capital market. Accordingly, KSE 100 index crossed the level of 29,000 points, taking annualized returns to 29.3%. The restoring macroeconomic balance, together with declining inflation allowed SBP to maintain policy rate at 10%.

On the other hand, challenges on the fiscal side continue to weigh on the economy. The persistent lower tax to GDP ratio resulted in accumulation of local debt. Resultantly, the Government missed the borrowings target set by IMF. However, fiscal consolidation measures such as revision in power tariffs, tax rate rationalization and subsidy reduction are expected to keep fiscal deficit within budgeted limits. Given the easing pressures on economy, the country is well placed to achieve GDP growth of 4%.

Agriculture

The performance of agricultural sector continued to remain mixed. Heavy rains, floods and lower area under cultivation affected the cotton crop. This was partly compensated by production gains in sugarcane and rice crop on account of improved acreage. Also, marginal increase in support prices as against rising input costs continued to restrain the liquidity of farmers. However, likely productivity gains from wheat production and increase in agriculture credit disbursements will contribute positively towards the overall agriculture GDP.

Large Scale Manufacturing (LSM)

LSM posted better growth of 6.7% during the year. Overall, food, fertilizer, oil, steel and paper performed well. Improved power supply, investments in alternate energy sources, increased lending to private sector businesses and capacity enhancements supported the revival. Textiles gained benefit from grant of GSP plus status by European Union, while petroleum refinery output continued its robust growth. The improved manufacturing performance will also spur retail and trade activities.

The Two Wheeler Industry

During 2013-14, the two wheeler industry lost growth momentum it had created over the last few years. Sales grew marginally by 1%. Major demand came from urban areas. This was due to increasing urbanization and escalating fuel prices. Demand was affected in the rural areas. However, increasing consumer appetite for two-wheelers based on large population is promising. In this anticipation, more products and a bigger network is planned for the years ahead, which will provide support to the industry growth.

The Company

The FY 2013-14 was another successful year for the Company with sales, operating income and profits surpassing all previous heights.

Marketing Focus

Motorcycle Segment

Despite market challenges, your Company sold 640,148 units. Gradual expansion in product portfolio, as part of the Company's growth strategy, drove this achievement.

The two wheeler market in Pakistan predominantly comprises of the 70 cc segment. The segment witnessed an overriding demand and, therefore, faced intense competition. The Company continued to straddle this segment through its brand "CD 70". The brand is especially noted for its fuel economy, high quality standards and resale value. This is expressed by the strong marketing campaign of "AIK LITRE MAIN 80KM TAK", which differentiates Honda CD 70 from the other Chinese replica brands.

To create excitement and increase momentum in the segment, Atlas Honda launched the next generation "CD Dream" in November 2013. It set new benchmarks in terms of performance, style, technology and affordability and has brought new customers to the entry level category.

With the model "PRIDOR", demand in 100 cc category made positive progress. The model is steadily gaining popularity among customers due to its stylish look and driving enjoyment. Test rides, media advertisement and training within dealers' network were the focal points.

The Company's strong offerings in 125 cc segment reasserted its position as the market leader. Demand in this category is prompted from increased urbanization, growth in remittances and its appeal to the young customer class. Known for providing joy of powerful drive, CG 125 dominated this category and registered largest market share. Hand in hand with dynamic performance of CG 125, Deluxe also posted remarkable growth in volumes.

On celebration of 50th year anniversary, the Company added a sporty top model to its product portfolio. It launched CBR series in 150 cc and 500 cc categories, serving a niche market for the first time in Pakistan.

Spare Parts Division:

The increased customer's appetite for two wheelers also helped boost spare parts revenue. However, sales of low quality, smuggled and counterfeit parts are a major threat to this business in the organized sector. This has, in turn, spurred the need for progressive marketing to increase customer awareness and usage of genuine spare parts. Additionally, new packing with security features was introduced. Accessibility to genuine spare parts was also improved by increasing product range, B2B installation at dealers' and improvement in delivery system. Accordingly, spare parts revenue registered robust growth, recorded at Rs. 3.2 billion.

Performance Scorecard

The Company continues to place greater emphasis on the strategic objectives aimed at delivering sustainable long term growth. It is a result of focused strategy - delivering stable sales growth, improved operational leverage and a better bottom line.

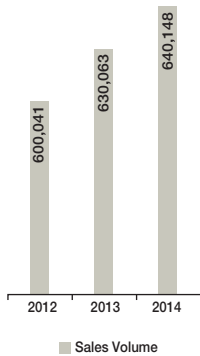
Sales & Gross Margin:

The Company registered total sales of Rs. 44.5 billion, an increase of 5.1% over the last year. Gross margin for the year ended March 31, 2014 increased from Rs. 3.7 billion to Rs. 4.2 billion and as a percentage of sales improved from 8.7% to 9.5%. This positive performance was attributable to volume growth, optimum sales mix, weakening of Japanese Yen against US Dollar and cost control measures.

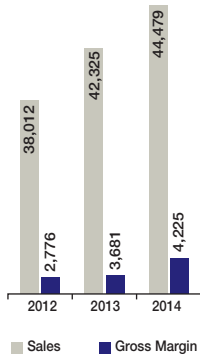
Operating expenses:

Distribution and marketing expenses rose to Rs. 1.3 billion, a year on year increase of 7.3%. This higher spending was on account of promotion and communication activities to support the core business and new product launches. Administrative expenses grew by 11.1% over the last year owing to personnel cost and effects of general inflation.

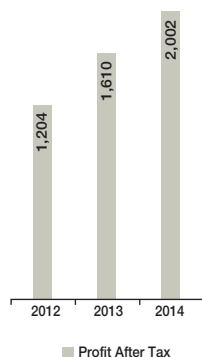
Sales Volume
(in units)



Sales & Gross Margin
(Rs. in million)



**Profit After Tax
(Rs. in million)**



Other income net of financial charges

Other income, net of financial charges, was Rs. 412.6 million which is an encouraging 31.9% higher than the corresponding year. This was achieved through better treasury management and improved liquidity.

Profitability

The Company registered ever highest net profit before tax of Rs. 2.7 billion. Net profit after tax increased to over Rs. 2.0 billion from 1.6 billion, an increase of 24.4% over last year. This translates into Earnings per Share (EPS) of Rs. 19.36 as against Rs.15.56 (restated) of last year.

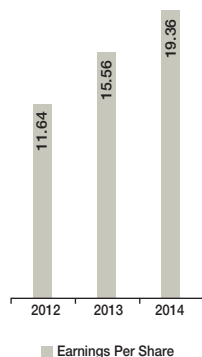
Debt Structure

Atlas Honda Limited has been a debt free Company since last three years and incurs no borrowing cost. Finance cost includes bank charges which represents transactional cost paid to banks for collections from customers on behalf of the Company throughout Pakistan.

Cash Flows & Capital Expenditure

Free cash flow from operations during the year stood at Rs. 4.2 billion. This has been deployed in capital assets, short term investments and payment of dividend. Additions to capital assets mainly represent expansion of production facilities and balancing, modernization and replacement of existing manufacturing facilities.

**Earnings Per Share
-Restated
(Rs. Per Share)**



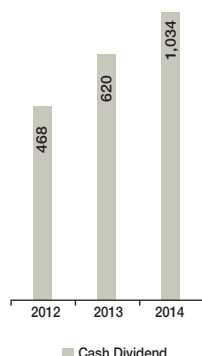
Contribution to national exchequer

During the year, the Company contributed an amount of Rs. 8.8 billion to the Government and its agencies on account of various taxes and levies. The Atlas Group, of which the Company is a constituent member, contributed Rs. 29 billion in all towards the national exchequer. This makes Atlas Group one of the highest tax payers in the country with 1% of Government total revenue.

Dividend Policy

Over the years, the Company has followed a consistent policy of paying high dividends, keeping in mind the cash-generating capacities, expected capital needs of business and strategic considerations. For 2013-14, the Board of Directors is pleased to propose cash dividend of Rs. 10 per share. This amounts to Rs. 1,034 million, which is the highest in the Company's history. Thus, the Company has maintained a pay-out ratio of 51.7%.

**Cash Dividend
(Rs. in million)**



Manufacturing Excellence

The Company is focused on optimizing product development through simplified and efficient processes. It requires building the infrastructure and systems, with minimum use of resources, to support the Company's growth plans. This, coupled with increased automation in manufacturing, enhances productivity, shortens lead time and improves overall quality. In 2013, Engine Machining Hall building was expanded to support annual production of one million units. New machines have been added to increase production capacity of CG125. Frame and Engine assembly lines were synchronized. The Company plants were made leaner by outsourcing non critical operations and processes. Testing facilities were upgraded. Simultaneously, supplier capabilities were also enhanced to cater to production needs.

Despite inflation and consequent rise in input prices, the plants manage conversion cost by practicing sound operation controls and technological up-gradations. Both plants have worked on reducing consumption of power and fuel. Importantly, installation of waste heat recovery system for utilizing waste heat from generators is in progress at the Sheikupura plant.

Business Process Re-engineering

To increase productivity and reduce cost pressure, a number of Kaizen activities together with machinery modifications were made during the year.

New power link between Manufacturing and Hi-Tech Power House was established. This results in elimination of operational cost of one generator.	The B2B system with vendors and dealers was further strengthened. Through this application, dealers and vendors are connected online with the Company.
Refurbishment of GDC dies.	Local development of HPDC and GDC dies.
Resourcing and modification of tools in Engine Machining Process.	To reduce paper use, the Company has implemented a number of workflows.

Awards

The Company's commitment to the excellence in corporate reporting and its sustainability initiatives were recognized at various public platforms. It gives me great pleasure to inform that the following awards were received by the Company:

- Best Environmental Report Award by ACCA - WWF Pakistan.
- KSE Top 25 Companies Award by Karachi Stock Exchange; and
- Best Corporate Report Award by the Joint Committee of ICAP and ICMAP.

Future Outlook

Moving forward, achieving sustainability in macroeconomic fundamentals will remain a key challenge. The return of Pakistan to the international bond market after a period of 7 years is an indication of the economic revival. However, long term stability calls for a consistent increase in the foreign direct investment and fiscal revenues. Structural reforms are required for widening the tax base and gradual phasing out of subsidies. However, security problems and energy challenges will remain biggest impediment to industrial growth. Agriculture, being the largest employer, will remain fundamental to the economic growth. Encouragement in agri-credit disbursements, adequate support prices and improved acreage could help in resurgence of this sector. The domino effect of agriculture growth always boosts the two wheeler industry due to its role as the main source of transportation in rural areas.

The Company is going through a very exciting and dynamic period, where skills, technologies and scales are being developed and getting built for this decade and the next. With our sights set on sustained and qualitative long term growth, the Company continues to strive for the best use of resources and optimum operational excellence leading to significant value addition for its stakeholders. In this regard, the Company believes that the principles of "The Atlas Way" will continue to provide a firm premise for the future endeavors:

ع خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا بندے سے خود پہ چھے بتا تیری رضا کیا ہے
(You get what you dream)

Acknowledgment

The Atlas Group takes great pride in its partnership with Honda Motor Company Limited and would like to acknowledge their continued support and co-operation 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 and Mr. Saquib H. Shirazi - CEO for his inspiring leadership and all stakeholders - Bankers, Dealers, Vendors, Associates and Shareholders for helping to build Atlas Honda Limited into a unique company.



Yusuf H. Shirazi
Chairman

Date: April 30, 2014

Directors' Report To Shareholders

The Directors of your Company take pleasure in presenting their report together with the Company's annual audited Financial Statements for the year ended March 31, 2014. The Directors' report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance will be put forward to the members at fiftieth Annual General Meeting of the Company to be held on June 26, 2014.

Operating Results

The operating results of the Company for the year ended March 31, 2014, are summarized as follows:

	Year ended March 31, 2014	Re-stated Year ended March 31, 2013
	----- (Rupees in '000) -----	
Profit before taxation	2,689,418	2,210,160
Taxation		
Current	775,761	501,853
Adjustment of prior years	(43,322)	(22,390)
Deferred	(44,581)	121,180
	687,858	600,643
Profit after taxation	<u>2,001,560</u>	<u>1,609,517</u>

Dividends and Appropriations

The directors have recommended a final cash dividend of Rs. 10 (2013: Rs. 7.5) per share along with a NIL% (2013: 25%) bonus issue. Accordingly, following appropriation have been made:

	Year ended March 31, 2014	Re-stated Year ended March 31, 2013
	----- (Rupees in '000) -----	
Profit available for appropriation (after comprehensive income)	2,137,129	1,589,806
Appropriation:		
Transfer to General Reserve	630,000	630,000
Cash Dividend 100% (2013: 75%)	1,034,066	620,440
Bonus shares NIL% (2013: 25%)	-	206,813
	1,664,066	1,457,253
Un-appropriated profit carried forward	<u>473,063</u>	<u>132,553</u>

Earnings Per Share

The basic and diluted earnings per share after tax is Rs. 19.36 (2013: Rs.15.56).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the nature of business, performance of the Company for the year ended March 31, 2014, explanation of significant deviations from last year, future prospects and uncertainties.

Board of Directors

The Board comprises of one independent director, three executive and four non-executive directors. The Directors of the Company were elected in Extra Ordinary General Meeting of the Company held on March 20, 2014.

During the year, Mr. Hiroaki Hirose resigned from the Board of the Company and Mr. Hiromitsu Takasaki was nominated by the Board to fill in the casual vacancy. The Board places on record its appreciation for the valuable contributions made by Mr. Hiroaki Hirose, Mr. Shigeki Takane and Mr. Nurul Hoda and welcomes Mr. Hiromitsu Takasaki, Mr. Kazuhisa Hirota and Mr. Abid Naqvi on the Board of Atlas Honda Limited.

Meetings of Board and its Committees in 2013-14

During the year 2013-14, five Board meetings, four Audit Committee and one HR & Remuneration committee meetings were held. The attendance of the directors and the number of their directorships in listed companies, including Atlas Honda Limited (AHL) is as follows:

Sr. #	Director	Director ship	Status	Committee Members		Attendance		
				Board Audit Committee	HR & Remuneration Committee	Board Meetings	Board Audit Committee	HR & Remuneration Committee
1	Mr. Yusuf H. Shirazi	4	Re-elected on March 20, 2014	-	-	5/5	-	-
2	Mr. Saquib H. Shirazi	4	-do-	-	✓	5/5	-	1/1
3	Mr. Tariq Amin	2	-do-	✓	✓	5/5	4/4	1/1
4	Mr. Sanallah Qureshi	1	-do-	✓	✓	3/5	2/4	1/1
5	Mr. Hisao Kobayashi	1	-do-	-	-	5/5	-	-
6	Mr. Hiromitsu Takasaki	1	Co-opted on January 27, 2014 & re-elected on March 20, 2014	-	-	0/1	-	-
7	Mr. Kazuhisa Hirota	1	Elected on March 20, 2014	-	-	-	-	-
8	Mr. Abid Naqvi	1	-do-	✓	-	-	-	-
9	Mr. Shigeki Takane	-	Retired on March 20, 2014	-	-	0/5	-	-
10	Mr. Nurul Hoda	-	-do-	-	-	5/5	4/4	-
11	Mr. Hiroaki Hirose	-	Resigned on January 27, 2014	-	-	0/4	-	-

Auditors

The present auditors M/s Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has recommended their re-appointment as auditors of the Company for the year 2014-15.

Material changes

There have been no material changes since March 31, 2014 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed to this report.

Communication

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company's activities are updated on its web site (www.atlashonda.com.pk), on timely basis.

Safeguarding of Records

The Company places due emphasis for storage and safe custody of its financial records. The Company is using SAP for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix in SAP-ERP system.

Business Continuity Plan

As a part of Business Continuity Plan, remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

Human Resource Management

Human resource planning and management is one of the most important focus point at the highest management level. The Company has a Human Resource and Remuneration Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in the Company's human resource policies and procedures and their periodic review. The details of the Company's human resource policies are presented in the 'Sustainability Report' which is a part of this Annual Report.

Corporate Social Responsibility

The Company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base. The Company's report on Corporate Social Responsibilities (CSR), including its approach to health and safety, human resources, social, environmental and other related issues are presented in the 'Sustainability Report', which is a part of this Annual Report.

Statement of Value Addition and its Distribution and Risk Management

Company's 'Statement of Value Addition and its Distribution' and 'Risk and Opportunity Report' are annexed to this report.

Corporate and Financial reporting framework

The Directors confirm compliance with Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

- The Financial Statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the Company's ability to continue as a going concern.
- A summary of key operating and financial data of the Company is annexed.
- Information about taxes and levies is given in notes to the Financial Statements.
- The Company operates a contributory Provident Fund Scheme for all employees and Defined Benefit Gratuity fund scheme for its management and non-management employees. The value of investments based as at March 31, 2014 are as follows:
 - Provident Fund Rs. 816.10 million
 - Gratuity Fund
 - Management Staff Rs. 202.43 million
 - Non-Management Staff Rs. 58.67 million

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 30, 2014

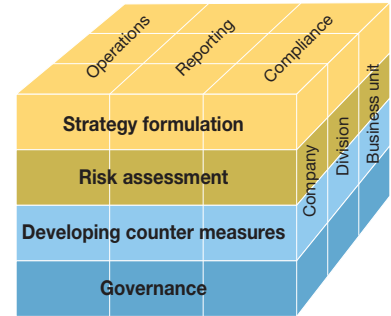
Risk and Opportunity Report

Risk Analysis and Internal Control Framework

This report will cover Company's strategy setting methods, risk assessment processes, opportunity identification procedures and adopted counter measures. The Company, based on its business philosophy, has designed a risk management approach and internal control framework which is explained step by step below:

A) Strategy formulation

Keeping interests of all stakeholders in view, management has developed a set of objectives that represent stakeholders' expectations and are the lead indicators for determining the success level of the Company. In order to ensure achievement of the set objectives, management adopts certain action plans called strategies. These strategies are approved by the Board of Directors and are subject to change, depending upon any changes in the external business environment or internal organizational factors.



B) Risk assessment

Businesses face numerous uncertainties that can pose potential threat to the objectives of the Company and if not addressed, may culminate in loss. Such uncertainties (risks) can arise both from external events as well as internal factors within the organization. The Company uses various management tools to identify these risks, based on information collected from various internal and external sources and divides types of risks in the following 4 categories:

Strategic risks	These risks are related to the business environment including the industry and are beyond Company's control.
Commercial risks	These risks emanate from commercial substance of the organization and involve decisions which may affect the Company's position in the market.
Operational risks	These risks are related to the Company's internal operations, administrative procedures and daily affairs.
Financial risks	These risks are related with financial matters including profitability, financing, liquidity and credit.

C) Developing counter measures

Upon identification of risk factors, counter measures are devised to mitigate their impact. The severity of the risk will determine the criticality of the countermeasure and will accordingly set its priority for action. Risks and their related counter strategies are continually monitored and evaluated for any changes in related impacts.

The relationship between the Company's objectives, strategies, risks and counter measures is given in the annexed Risk and Counter Strategy Matrix (RCSM).

D) Governance

The Board of Directors is responsible for approving Company's risk management policy. The Board of Directors also provides guidelines on strategic matters and organizational objectives. The business units are responsible for managing risks at operational level; however the Company-level risk management is the responsibility of the Risk Management Function (RMF) which comprises of the Treasury department. RMF reports its results / findings / observations to the Risk Management Committee. The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and also advice on future actions. The Committee then reports the outcomes of their reviews to the CEO. The Board Audit Committee also reviews and assesses the adequacy of risk management for its effectiveness in risk mitigation.

Materiality Approach





Materiality is defined by the management as a degree of measure significant to the interests of the Company and its stakeholders. Determination of when such degree is achieved is a matter of management's best judgment. A risk is considered material if, in management's view, its occurrence is reasonably expected to prevent the Company from achieving its key objectives and expectations. All identified risks are measured for their materiality impact upon identification and are marked for their relative sensitivity as shown in RCSM. The more material the risk, the greater focus is concentrated on development and monitoring of its counter measure.

Opportunity Analysis

The Company has adequate processes and procedures in place for identifying potential gaps in the external environment which, if the Company has adequate resources at its disposal, may be exploited as opportunities to improve performance. Based on its analysis, the Company has identified the following opportunities in current economic landscape:

- Healthy agriculture cash flows will increase liquidity in rural areas
- Rising foreign remittances from expatriates stationed abroad will increase liquidity
- Emerging youth segment
- Weak transportation infrastructure
- Rising fuel prices

Risk and Counter Strategy Matrix

Objectives	Strategies	Risks / threats
<p>Market</p> <p>To remain market leader in 2-wheeler industry</p> 	<p>Availability of new and improved models as per customer needs and choices</p> <p>Enhance customer confidence through quality leadership</p> <p>To make products readily available</p> <p>Advertising and sales promotion activities</p>	<p>Commercial risks Increasing competition in 70 CC category</p> <p>Continued Inflation reducing customer purchasing power</p> <p>Rising fertilizer and other input costs eroding liquidity in rural areas</p>
<p>Socio-Political Situation</p> <p>To operate in a stable market with least volatility and low occurrence of unforeseen variables</p> 	<p>To recommend appropriate measures to the Government on different forums for the protection and growth of the industry</p>	<p>Strategic risk Adverse law and order situation</p> <p>Commercial risks Compliance of new and existing laws, rules and regulations</p> <p>Low entry barriers for new entrants</p>
<p>Technology</p> <p>To produce the best and highest quality product that meets international standards of fuel efficiency, comfort and reliability</p> 	<p>To operate with the latest available technology which is relevant to the market</p>	<p>Strategic risk Technology shift may render production process obsolete and cost inefficient</p>
<p>Operations</p> <p>To ensure continuity of operations without any disruptions in supply and minimize idle time</p> 	<p>The ordering, delivery and production plans are regularly monitored by the Supply Chain and Production Control department to ensure smooth operations at all times</p> <p>Adequate levels of safety stocks are kept to fulfill demand in cases of unexpected emergencies</p> <p>Adequate systems have been developed to allow uninterrupted data entries alongwith maintaining data integrity</p>	<p>Operational risks The on-going energy crisis</p> <p>Vendors' operational / financial constraints and their deteriorating quality standards</p> <p>Disruptions due to data loss from operational failures or natural disasters</p>

Sensitivity	Counter measures to risks	Actual results
-------------	---------------------------	----------------

◆ Wide range of products (6 models in 3 different CC categories)
 Operating largest motorcycle dealership network in Pakistan
 Largest and most efficient after sales service network
 Only company to provide 2 years' warranty on all engine parts
 Most lucrative 2nd hand market ensuring optimum resale value

Total sales for the year: **640,148 units** representing **2% increase** from last year

A new model, **CD Dream** was launched during the year

◆ } Availability of financial products to customers
 ◆ }

◆ Company operates two manufacturing plants (one at Sheikhpura and other at Karachi). One plant operates extra shifts to fulfill demand if the other plant faces disruptions due to deteriorating law and order situation

Both plants were **successfully run** throughout the year, giving cumulative production of **640,428 units**, an **increase of 2%** from last year

◆ A team of qualified and experienced professionals in the management team ensures compliance with all laws, rules and regulations

There were **no non-compliances** reported by any Government bodies or institutions during the year

◆ Active participation at different forums for rationalization of tariffs and level playing field for all participants

◆ Constant process of balancing, modernization and upgradation of production facilities
 New model launches and modifications in existing models to meet the latest standards

Adequate capital expenditure has been incurred this year on improvement of plant and machinery. Please see **note 6 to the Financial Statements**

◆ Company operations are based on usage of alternative energy sources. Further, Company has initiated plans for evaluating low cost options for its energy needs

Uninterrupted production throughout the year

◆ Legal contracts in place with all vendors
 Continuous assessment of all vendors in terms of quality, operational and financial capacities
 More than one supplier for key components to mitigate the risk of having sole supplier
 B2B link with vendors to bring real-time operational efficiency




Undisrupted supply of parts during the year

◆ A business continuity plan is in place for ensuring uninterrupted operations for all departments

The Company operates a separate **Disaster Recovery Site** to ensure continuity of operations

Sensitivity	◆ High	◆ Medium	◆ Low
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Risk and Counter Strategy Matrix

Objectives	Strategies	Risks / threats
<p>Human Resource</p> <p>To recruit and retain the best people and train them adequately to ensure high quality skill force</p> 	<p>Formal Human Resource policies are in place. Implementation of these policies is ensured by the Human Resource department</p> <p>Adequate fringe and post retirement benefits are available to employees</p> <p>Continuous training and development of employees through internal and external training programs</p>	<p>Operational risks Attrition of manpower - qualified and competent staff may not be available in sufficient numbers</p> <p>Operations may be subject to fraudulent activities</p>
<p>Healthy and Safety</p> <p>To ensure health and safety of employees in workplace</p> 	<p>Company has a documented Health & Safety policy which is implemented at each Company location, including all vendor premises</p>	<p>Operational risks Accidents can take place which can cause serious injuries to employees</p> <p>There could be elements in the workplace which are hazardous to human health</p> <p>Unforeseen calamities and natural disasters may result in human loss</p>
<p>Environment</p> <p>To ensure environment friendly products and processes</p> 	<p>Company has a defined policy for protecting the environment from its operations and to minimize the effects of hazardous emission to the atmosphere</p> <p>To incorporate the latest environmental standards and install most modern environmental friendly features in all Company products</p>	<p>Operational risks The waste that results from operations may be disposed in an inappropriate way</p> <p>Hazardous gases may be emitted in the atmosphere beyond the prescribed limits</p>
<p>Finance</p> <p>To maintain strong financial position and produce financial performance which is reflective of Company's scale of operations, effort of employees and expectations of all stakeholders</p> 	<p>To maintain profitability and return levels that are expected by shareholders</p> <p>To ensure working capital management and availability of adequate resources for discharging liabilities</p> <p>To maintain most appropriate capital structure</p>	<p>Financial risks Increase in commodity prices will increase input costs</p> <p>Devaluation of Pak Rupee against foreign currencies may adversely affect the Company's financial performance</p> <p>Payment defaults of counter parties may leave the Company with inadequate resources for discharging its own obligations</p>

Sensitivity	Counter measures to risks	Actual results
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◆	Well structured procedures for recruitment, training, compensation, periodic appraisals and succession planning have been implemented to ensure staff retention	For details of benefits provided to employees during the year, refer respective notes of the financial statements No. of person trained: 1,406 No. of man days spent per person: 1.93
	Various local and foreign trainings are organized for staff at all hierarchical levels	
◆	Appropriate internal controls and best governance practices are in place to prevent and detect fraudulent activities	
	An effective internal audit function is also in place	

◆	An effective working environment and culture is present where safety is top priority. It is mandatory for each employee to go through the Company's safety awareness program and periodic trainings. Any incidents that take place are properly recorded and full scale measures are taken to avoid their repetition	No major accidents occurred during the year at any of the Company's facilities, a testament to the effective Company's safety policies
◆	Medical and health insurance policies are in place for all employees	
◆	Extraction / evacuation drills are conducted regularly and staff is frequently trained for crisis management	
		Numerous safety and extraction drills were conducted during the year.

◆	Effluents emanated from operations are treated through wastewater treatment plant prior to discharge into municipal sewerage systems. Solid hazardous waste is disposed off through Environmental Protection Agency's legitimate contractors at certified waste disposal facilities. Also, reusage and recycling of used material is done to the extent possible, reducing the waste quantities	For achievements in environmental protection, see the section of " Environment " in Company's Sustainability Report
◆	Emissions are kept under prescribed levels through load management of generators, use of energy savers, proper drainage of used oil and optimum utilization of organic compounds	

◆	Agreements are in place with suppliers to counter short term fluctuation in material prices	For complete disclosure on financial risk management, see note 38 of the financial statements
◆	Foreign currency exposure is monitored by the Treasury Committee. Derivatives such as forward covers and currency options are used for hedging against currency devaluation when considered necessary	
◆	Credit is restricted to only Government departments, Defence institutions and certain other customers who maintain good history of timely payments. Excess funds are invested in well reputed mutual funds and banks	
	Sufficient credit lines and financial arrangements are available to the Company from various banks in case sufficient funds are not generated from operations	

Sensitivity
◆ High
◆ Medium
◆ Low

Notice of 50th Annual General Meeting

Notice is hereby given that the Fiftieth Annual General Meeting of the members of Atlas Honda Limited will be held on Thursday June 26, 2014, at 12:30 P.M., at the registered office, 1-Mcleod Road, Lahore, to transact the following businesses after recitation of the Holy Quran:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on March 20, 2014.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2014, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the year ending March 31, 2015. The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To consider and approve the final cash dividend of Rs. 10 per share i.e. 100% for the year ended March 31, 2014 as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To consider and approve change in Article 90 of the Articles of Association of the Company.

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

RESOLVED "that Article 90 of the Articles of Association of the Company be amended to include as under:

90. The qualification shares requirement of a Director shall be the holding of at least 500 ordinary shares in the Company in his own name relaxable in case of Directors representing interest holding of requisite value. A Director may act before acquiring his qualification shares, but shall in any case acquire the same within two months from his appointment.

In lieu of

90. The qualification of a Director shall be the holding of ordinary shares in the Company at least of the nominal value of Rs. 25,000 in his own name relaxable in case of Directors representing interest holding of requisite value. A Director may act before acquiring his qualification shares, but shall in any case acquire the same within two months from his appointment.

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Businesses referred to above is annexed to this Notice of Meeting.

OTHER BUSINESS

6. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



Syed Tanvir Hyder
Company Secretary

Karachi: June 5, 2014

NOTES:

1. The share transfer books of the Company will remain closed from June 17, 2014 to June 26, 2014 (both days inclusive).
2. A member entitled to attend and vote at this Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office or the Share Registrar of the Company not less than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of Central Depository Company of Pakistan Limited (CDC), entitled to attend and vote at this Annual General Meeting must bring the Computerized National Identity Card (CNIC) or Passport along with his / her CDC account number to prove his / her identity and in case of Proxy, must enclose an attested copy of the CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. The members are requested to notify the Company immediately of the change in their addresses, if any.
5. Members are requested to provide by mail or fax, photocopy of their CNIC, and in case of foreigner, copy of Passport, unless it has already been provided and e-mail address to enable the Company to comply with the relevant laws.
6. For the convenience of the members a Proxy Application Form is attached with this report.
7. As per the directions to all listed companies by SECP vide Letter No. 8(4) SM/CDC 2008 Dated: April 05, 2013 all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (E-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandates including Name, Bank Account Number, Bank and Respective branch address to the Company in order to adhere the envisaged guidelines.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of the Fiftieth Annual General Meeting of Atlas Honda Limited to be held on June 26, 2014 at which certain special businesses are to be transacted. The purpose of this statement is to set forth the material facts concerning such special businesses.

ITEM NO. 5 OF THE AGENDA

Presently, the qualification of the directors is holding of shareholding of nominal value of at least Rs. 25,000. In order to facilitate the representation of independent directors on the Board, it is proposed to rationalize the qualification shares requirement of directors.

Critical Performance Measures



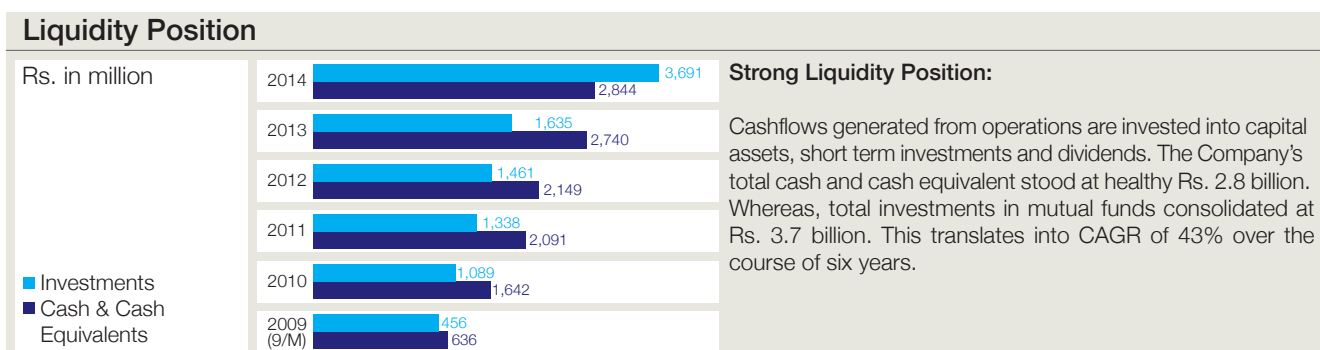
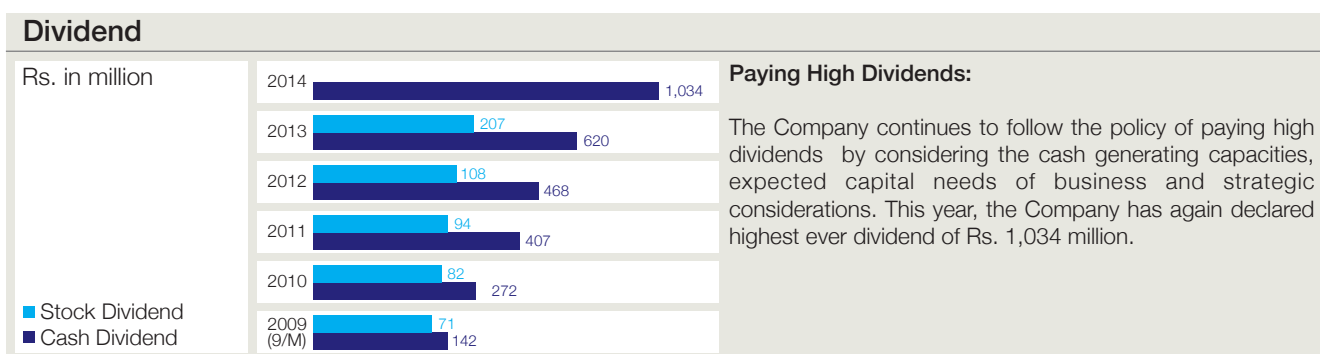
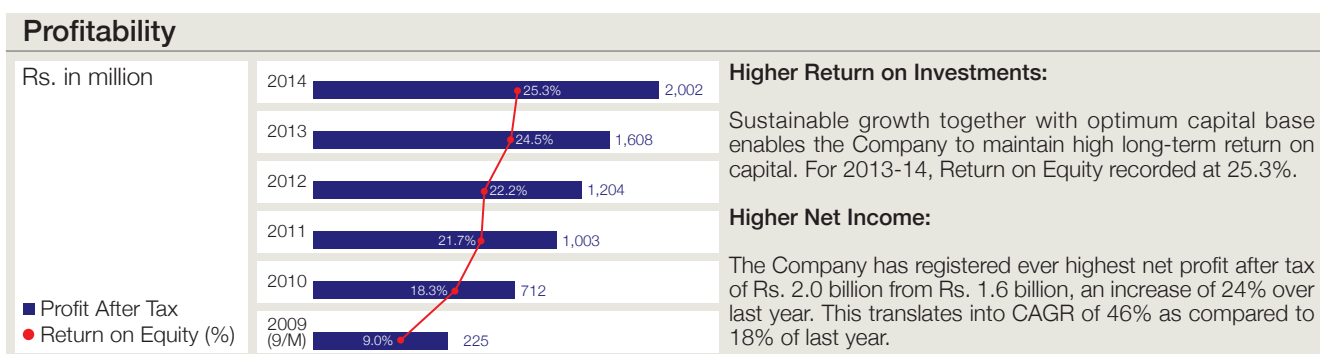
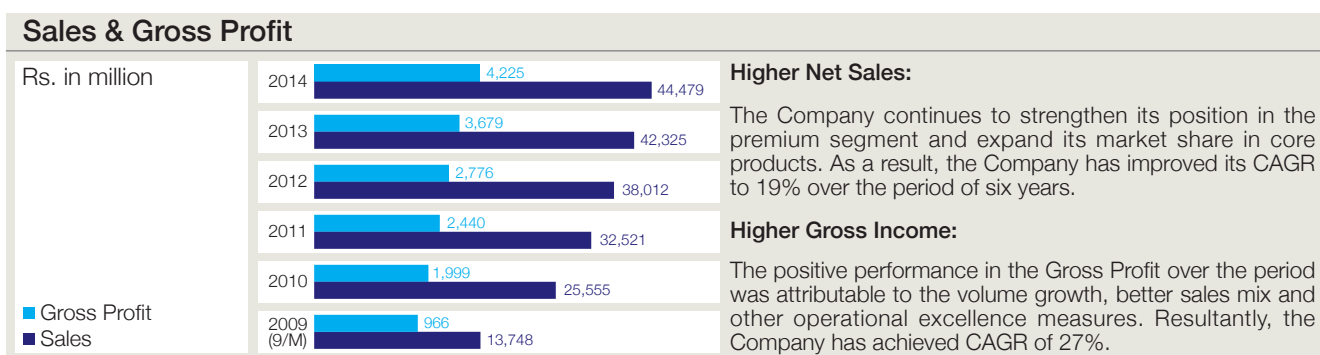
6 Years at a Glance

Particulars		2014	2013	2012	2011	2010	2009 (Nine Months)
Profitability Ratios							
Gross profit margin	%	9.5	8.7	7.3	7.5	7.8	7.0
Profit before tax margin	%	6.0	5.2	4.3	4.3	4.2	2.6
Net profit margin	%	4.5	3.8	3.2	3.1	2.8	1.6
Return on capital employed	%	37.2	36.9	32.3	32.2	26.7	14.1
Return on equity - before tax	%	34.0	33.7	29.9	30.5	27.7	14.2
Return on equity - after tax	%	25.3	24.5	22.2	21.7	18.3	9.0
Return on assets	%	13.9	13.4	11.0	10.4	8.4	3.0
Earnings before interest, tax, depreciation and amortization (EBITDA)	Rs. in million	3,329.2	2,831.9	2,122.6	1,977.3	1,627.2	849.8
EBITDA margin	%	7.5	6.7	5.6	6.1	6.4	6.2
Equity Ratios							
Cash dividend per share (declared)	Rs.	10.0	7.5	6.5	6.5	5.0	3.0
Stock dividend per share (bonus shares declared for the year)	Rs.	-	2.5	1.5	1.5	1.5	1.5
Bonus shares declared for the year	No. in '000	-	20,681	10,790	9,383	8,159	7,095
Earnings per share	Rs.	19.36	19.44	16.74	16.03	13.10	4.75
Price earning ratio	Times	15.1	9.9	8.5	8.8	10.9	18.7
Market price per share as at year end	Rs.	292.6	191.50	142.2	141.8	142.5	88.8
Market price per share for the year							
- maximum value	Rs.	299.0	192.0	160.0	172.5	154.2	211.8
- minimum value	Rs.	171.0	114.0	108.0	92.0	56.9	87.4
Break up value per share	Rs.	76.5	79.3	75.3	73.9	71.6	70.2
Dividend yield	%	3.4	5.2	5.6	5.6	4.6	5.1
Dividend cover	Times	1.9	1.9	2.1	2.0	2.0	1.1
Dividend pay out	%	51.7	51.5	47.8	49.9	49.6	94.8
Plough back ratio	%	48.3	48.5	52.2	50.1	50.4	5.2
Weighted average cost of debt	%	-	-	-	14.0	13.1	15.6
Cost of equity	%	6.6	10.1	11.8	11.3	9.2	5.3
Efficiency Ratios							
Assets turnover	Times	3.1	3.5	3.5	3.4	3.0	1.8
Fixed assets turnover	Times	9.8	9.6	9.6	10.0	7.9	4.0
Inventory turnover	Times	16.5	15.1	14.0	12.9	11.9	5.8
Debtors turnover	Times	85.5	82.2	63.5	81.0	57.3	42.9
Creditors turnover	Times	7.2	8.5	7.3	7.1	7.6	4.8
Capital employed turnover	Times	6.2	6.5	7.0	7.0	5.8	3.7
Operating Cycle							
Period of inventory holding	Days	22	24	26	28	31	48
Period of collection from debtors	Days	4	4	6	5	5	7
Period of payments to creditors	Days	(51)	(44)	(50)	(51)	(48)	(76)
Operating cycle	Days	(25)	(16)	(18)	(18)	(12)	(21)
Liquidity / Leverage Ratios							
Current ratio	Times	1.7	1.6	1.5	1.5	1.5	1.3
Quick ratio	Times	1.3	1.1	0.9	0.9	0.9	0.6
Debt to equity / financial leverage ratio	Times	-	-	-	0.02	0.2	0.2
Total liabilities to equity	Times	0.82	0.83	1.0	1.1	1.2	1.3
Interest cover	Times	5,651.0	2,577.3	427.9	18.4	12.0	2.4
Operating leverage ratio	%	427.9	317.2	52.8	98.6	139.9	158.3
Cash to current liabilities	Times	0.5	0.6	0.4	0.5	0.5	0.2
Cash flow from operations to sales	%	7.9	5.2	4.5	6.6	6.9	1.5

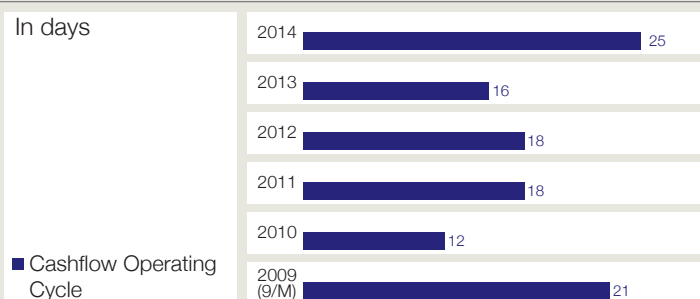
Graphical Presentation

Our performance over the years

We track our performance against key financial metrics which we judge to be the best indicators of how we are doing.



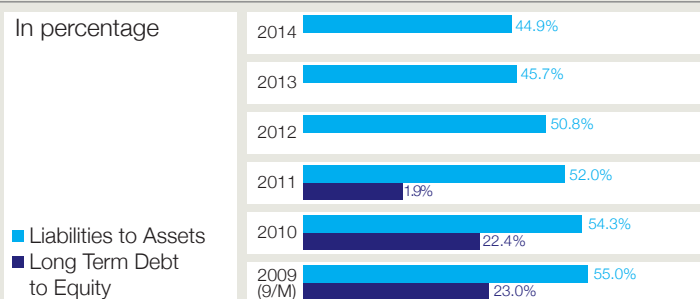
Assets Performance



Working Capital Performance:

The Company has always sought to efficiently use the various components of working capital cycle. It has been able to effectively control the receivable and inventories, enabling it to continue its operations on negative operating cycle.

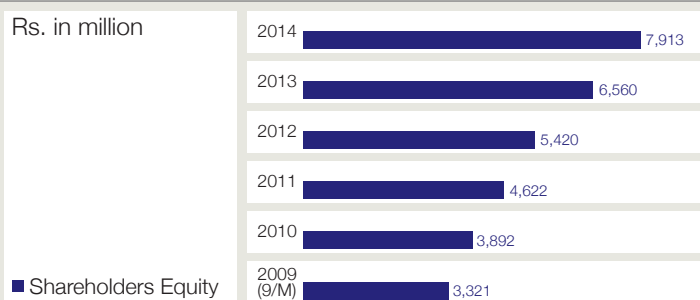
Leverage Ratio



Debt Free Status:

The Company actively follows the policy of zero borrowings to reduce interest bearing liabilities to improve its balance sheet. The Company has maintained for consecutive three years its "Debt Free Status" despite of growing working capital requirement and continued investments in capacity expansion. During the current year the Company has financed all its projects through equity.

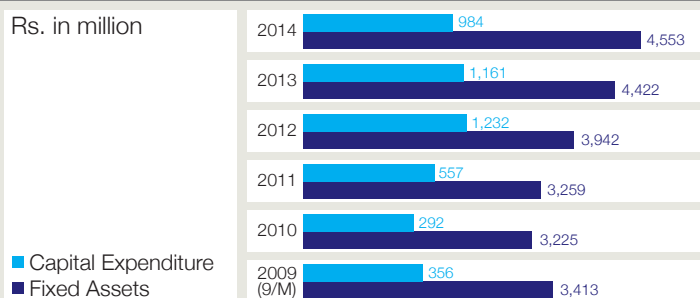
Shareholders Equity



Improved Financial Soundness:

The Company has set the goal for improving financial soundness by consolidating its shareholders equity. The goal was eclipsed by achieving the record Shareholders Equity which stood at Rs. 7.9 billion with CAGR of 19%.

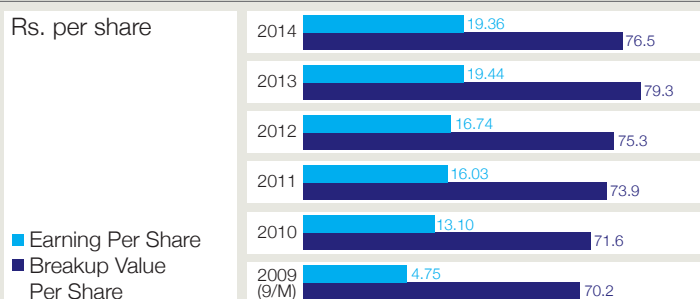
Fixed Assets & Capital Expenditure



Increased Investments:

From 2009 to 2014, the Company has made gross investments of Rs. 4.5 billion. Additions to capital assets mainly represents expansion of production facilities and balancing, modernization and replacement of existing manufacturing facilities.

Shareholders' Ratio



Steady EPS & Breakup Value Per Share:

Over the years, the Company is focused on maintaining steady growth in EPS and Breakup Value Per Share. This year, the Company has achieved EPS of Rs. 19.36 and breakup value of Rs. 76.5 per share.

Analysis of the Financial Statements

Balance Sheet

Particulars	2014	2013	2012	2011	2010	2009
	-----Rupees in '000-----					
Assets						
Non Current Assets						
Property, plant and equipment	4,552,816	4,421,744	3,941,610	3,259,193	3,224,897	3,412,901
Intangible assets	4,781	5,555	6,419	7,137	8,053	16,601
Long term investments	-	-	-	-	-	-
Long term loans and advances	26,396	25,583	20,420	22,403	18,810	14,359
Long term deposits	9,632	8,399	15,728	10,765	11,336	8,964
Total non current assets	4,593,625	4,461,281	3,984,177	3,299,498	3,263,096	3,452,825
Current Assets						
Stores, spares and loose tools	400,424	390,250	348,639	325,891	322,592	428,188
Stock-in-trade	2,042,602	2,171,536	2,161,328	2,003,029	1,664,297	1,792,036
Trade debts	520,321	514,742	598,265	401,435	445,689	320,180
Loans and advances	35,305	33,253	33,152	33,525	40,485	37,646
Trade deposits and prepayments	50,679	47,722	44,832	36,936	39,079	64,637
Short term investments	3,691,241	1,635,183	1,460,580	1,338,474	1,088,996	455,816
Accrued mark-up / interest	11,130	11,603	4,348	8,517	4,513	520
Other receivables	4,666	6,302	15,338	15,075	11,566	101,071
Taxation - net	-	2,578	160,604	68,050	-	91,308
Bank balances	2,843,738	2,739,988	2,149,154	2,090,800	1,641,963	636,426
Total current assets	9,600,106	7,553,157	6,976,240	6,321,732	5,259,180	3,927,828
Non Current Assets Classified as Held for Sale						
	171,459	-	-	-	-	-
Total assets	14,365,190	12,014,438	10,960,417	9,621,230	8,522,276	7,380,653
Equity and Liabilities						
Equity						
Share capital	1,034,066	827,253	719,350	625,522	543,932	472,985
Reserves	6,879,247	5,701,924	4,700,584	3,996,892	3,347,892	2,848,277
Total equity	7,913,313	6,529,177	5,419,934	4,622,414	3,891,824	3,321,262
Non Current Liabilities						
Long term borrowings	-	-	-	-	512,500	375,000
Deferred liabilities	829,600	866,975	730,315	649,354	600,015	575,862
Total non current liabilities	829,600	866,975	730,315	649,354	1,112,515	950,862
Current Liabilities						
Trade and other payables	5,577,694	4,587,303	4,810,168	4,255,584	3,109,999	2,646,221
Accrued mark-up / interest	-	-	-	6,378	37,384	72,328
Current portion of long term borrowings	-	-	-	87,500	362,500	389,980
Taxation - net	44,583	-	-	-	8,054	-
Total current liabilities	5,622,277	4,587,303	4,810,168	4,349,462	3,517,937	3,108,529
Total equity and liabilities	14,365,190	12,014,438	10,960,417	9,621,230	8,522,276	7,380,653

Analysis of the Financial Statements

Balance Sheet

Particulars	Vertical Analysis						Horizontal Analysis					
	2014	2013	2012	2011	2010	2009	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	2010 vs 2009	2009 vs 2008
	%	%	%	%	%	%	%	%	%	%	%	%
Assets												
Non Current Assets												
Property, plant and equipment	31.7	36.8	36.0	33.9	37.8	46.3	3.0	12.2	20.9	1.1	-5.5	1.1
Intangible assets	0.0	0.0	0.1	0.1	0.1	0.2	-13.9	-13.5	-10.1	-11.4	-51.5	12.1
Long term investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long term loans and advances	0.2	0.2	0.2	0.2	0.2	0.2	3.2	25.3	-8.9	19.1	31.0	2.3
Long term deposits	0.1	0.1	0.1	0.1	0.1	0.1	14.7	-46.6	46.1	-5.0	26.5	-33.6
Total non current assets	32.0	37.1	36.4	34.3	38.2	46.8	3.0	12.0	20.8	1.1	-5.5	1.0
Current Assets												
Stores, spares and loose tools	2.8	3.2	3.2	3.4	3.8	5.8	2.6	11.9	7.0	1.0	-24.7	2.5
Stock-in-trade	14.2	18.1	19.7	20.8	19.5	24.4	-5.9	0.5	7.9	20.4	-7.1	-3.8
Trade debts	3.6	4.3	5.5	4.2	5.2	4.3	1.1	-14.0	49.0	-9.9	39.2	-21.4
Loans and advances	0.2	0.3	0.3	0.3	0.5	0.5	6.2	0.3	-1.1	-17.2	7.5	-4.3
Trade deposits and prepayments	0.4	0.4	0.4	0.4	0.5	0.9	6.2	6.4	21.4	-5.5	-39.5	-71.0
Short term investments	25.7	13.6	13.3	13.9	12.8	6.2	125.7	12.0	9.1	22.9	138.9	-66.9
Accrued mark-up / interest	0.1	0.1	0.0	0.1	0.1	0.0	-4.1	166.9	-48.9	88.7	767.9	-36.0
Other receivables	0.0	0.1	0.1	0.2	0.1	1.3	-26.0	-58.9	1.7	30.3	-88.6	-40.5
Taxation - net	0.0	0.0	1.5	0.7	0.0	1.2	-100.0	-98.4	136.0	100.0	-100.0	100.0
Bank balances	19.8	22.8	19.6	21.7	19.3	8.6	3.8	27.5	2.8	27.3	158.0	26.2
Total current assets	66.8	62.9	63.6	65.7	61.8	53.2	27.1	8.3	10.4	20.2	33.9	-21.5
Non Current Assets Classified as Held for Sale	1.2	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0
Total assets	100.0	100.0	100.0	100.0	100.0	100.0	19.6	9.6	13.9	12.9	15.5	-12.4
Equity and Liabilities												
Equity												
Share capital	7.2	6.9	6.6	6.5	6.4	6.4	25.0	15.0	15.0	15.0	15.0	0.0
Reserves	47.9	47.7	42.9	41.6	39.3	38.6	20.0	22.0	17.6	19.4	17.5	-2.8
Total equity	55.1	54.6	49.5	48.1	45.7	45.0	20.6	21.0	17.3	18.8	17.2	-2.4
Non Current Liabilities												
Long term borrowings	0.0	0.0	0.0	0.0	6.0	5.1	0.0	0.0	0.0	-100.0	36.7	-46.2
Deferred liabilities	5.8	7.2	6.6	6.7	7.0	7.8	-4.3	18.7	12.5	8.2	4.2	0.9
Total non current liabilities	5.8	7.2	6.6	6.7	13.0	12.9	-4.3	18.7	12.5	-41.6	17.0	-25.0
Current Liabilities												
Trade and other payables	38.8	38.2	43.9	44.2	36.5	35.8	21.6	-4.6	13.0	36.8	17.5	-18.5
Accrued mark-up / interest	0.0	0.0	0.0	0.1	0.4	1.0	0.0	0.0	-100.0	-82.9	-48.3	45.2
Current portion of long term borrowings	0.0	0.0	0.0	0.9	4.3	5.3	0.0	0.0	-100.0	-75.9	-7.0	-10.7
Taxation - net	0.3	0.0	0.0	0.0	0.1	0.0	100.0	0.0	0.0	-100.0	100.0	-100.0
Total current liabilities	39.1	38.2	43.9	45.2	41.3	42.1	22.6	-4.6	10.6	23.6	13.2	-17.1
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0	19.6	9.6	13.9	12.9	15.5	-12.4

Analysis of the Financial Statements

Profit and Loss Account and Cash Flow Statement

Particulars	2014	2013	2012	2011	2010	2009 (Nine Months)
----- (Rupees in '000) -----						
Profit and Loss Account						
Sales	44,478,713	42,325,242	38,011,857	32,521,399	25,554,772	13,747,820
Cost of sales	(40,253,929)	(38,646,049)	(35,235,893)	(30,080,978)	(23,555,842)	(12,782,165)
Gross Profit	4,224,784	3,679,193	2,775,964	2,440,421	1,998,930	965,655
Sales and marketing expenses	(1,293,938)	(1,206,648)	(965,883)	(815,463)	(690,794)	(271,346)
Administrative expenses	(430,054)	(387,477)	(335,654)	(310,742)	(264,739)	(165,648)
Other income	420,651	322,668	274,453	299,337	239,047	89,744
Other operating expenses	(223,989)	(190,453)	(117,162)	(109,597)	(92,600)	(13,849)
Profit from operations	2,697,454	2,217,283	1,631,718	1,503,956	1,189,844	604,556
Finance cost	(8,036)	(9,726)	(11,717)	(93,475)	(112,613)	(251,777)
Profit before taxation	2,689,418	2,207,557	1,620,001	1,410,481	1,077,231	352,779
Taxation	(687,858)	(599,753)	(415,892)	(407,925)	(364,773)	(128,246)
Profit after taxation	2,001,560	1,607,804	1,204,109	1,002,556	712,458	224,533
Cash Flow Statement						
Cash flows from operating activities	3,531,566	2,208,740	1,720,597	2,147,882	1,768,263	200,587
Cash flows from investing activities	(2,813,658)	(1,154,675)	(1,171,217)	(642,540)	(730,915)	607,037
Cash used in financing activities	(614,158)	(463,231)	(491,026)	(1,056,505)	(31,811)	(675,336)
Net increase / (decrease) in cash and cash equivalents	103,750	590,834	58,354	448,837	1,005,537	132,288

Analysis of the Financial Statements

Profit and Loss Account and Cash Flow Statement

Particulars	Vertical Analysis						Horizontal Analysis					
	2014	2013	2012	2011	2010	2009	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	2010 vs 2009	2009 vs 2008
	%	%	%	%	%	%	%	%	%	%	%	%
Profit and Loss Account												
Sales	100.0	100.0	100.0	100.0	100.0	100.0	5.1	11.3	16.9	27.3	85.9	-34.1
Cost of sales	-90.5	-91.3	-92.7	-92.5	-92.2	-93.0	4.2	9.7	17.1	27.7	84.3	-33.8
Gross Profit	9.5	8.7	7.3	7.5	7.8	7.0	14.8	32.5	13.7	22.1	107.0	-38.0
Sales and marketing expenses	-2.9	-2.9	-2.5	-2.5	-2.7	-2.0	7.3	24.9	18.4	18.0	154.6	1.4
Administrative expenses	-1.0	-0.9	-0.9	-1.0	-1.0	-1.2	11.0	15.4	8.0	17.4	59.8	-27.3
Other income	0.9	0.8	0.7	0.9	0.9	0.7	30.4	17.6	8.3	25.2	166.4	-66.0
Other operating expenses	-0.5	-0.4	-0.3	-0.3	-0.4	-0.1	17.6	62.6	6.9	18.4	568.6	-79.9
Profit from operations	6.0	5.2	4.3	4.6	4.7	4.4	21.7	35.9	8.5	26.4	96.8	-51.9
Finance cost	0.0	0.0	0.0	-0.3	-0.4	-1.8	-17.4	-17.0	87.5	-17.0	-55.3	-0.1
Profit before taxation	6.0	5.2	4.3	4.3	4.2	2.6	21.8	36.3	14.9	30.9	205.4	-64.9
Taxation	-1.5	-1.4	-1.1	-1.3	-1.4	-0.9	14.7	44.2	2.0	11.8	184.4	-57.4
Profit after taxation	4.5	3.8	3.2	3.1	2.8	1.6	24.5	33.5	20.1	40.7	217.3	-68.1

Cash Flow Statement

Cash flows from operating activities	3403.9	373.8	2948.6	478.5	175.9	151.6	59.9	28.4	-19.9	21.5	781.5	-76.2
Cash flows from investing activities	-2711.9	-195.4	-2007.1	-143.1	-72.7	458.9	143.7	-1.4	182.3	-12.1	-220.4	-206.1
Cash used in financing activities	-592.0	-78.4	-841.5	-235.4	-3.2	-510.5	32.6	-5.7	53.5	3221.2	-95.3	-1.5
Net increase / (decrease) in cash & cash equivalents	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>-82.4</u>	<u>912.5</u>	<u>-87.0</u>	<u>-55.4</u>	<u>660.1</u>	<u>-131.8</u>

Statement of Value Addition and its Distribution

Year ended March 31

Value Addition

Net sales including sales tax
Other operating income

Value Distribution

Bought in materials and services

To Government

Income tax, sales tax, custom & excise duties,
workers funds, EOBI & social security contribution
and local taxes

To Employees

Remuneration & benefits

To Society

Donations

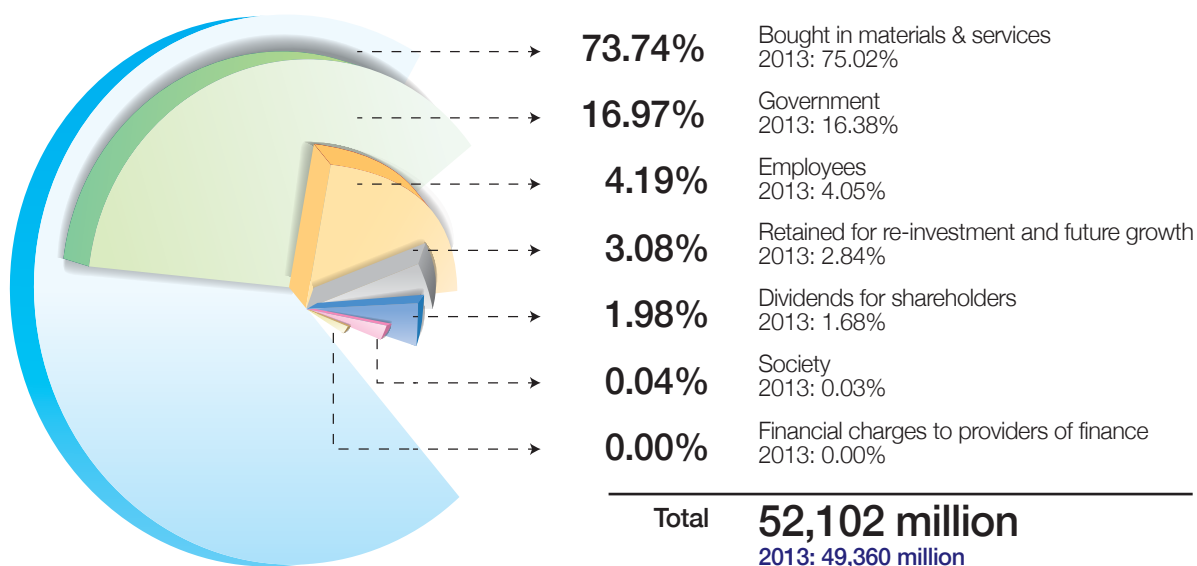
To Providers of capital

Financial charges to providers of finance
Dividends for shareholders

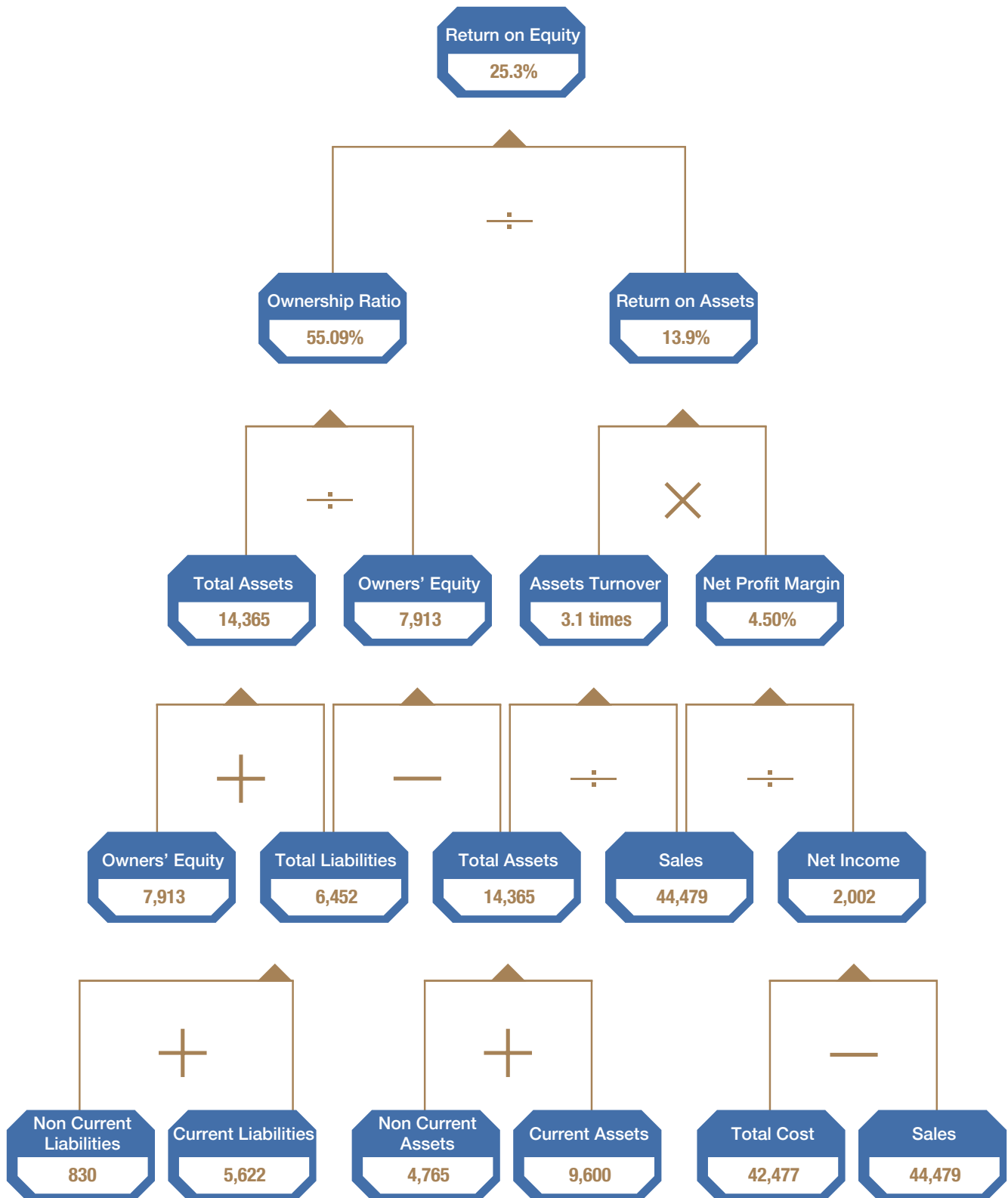
Retained for re-investment and future growth

Total Value Distributed

	2014		2013	
	Rs. in '000	%	Rs. in '000	%
Net sales including sales tax	51,681,320	99.19%	49,037,122	99.35%
Other operating income	420,651	0.81%	322,668	0.65%
	52,101,971	100.00%	49,359,790	100.00%
Bought in materials and services	38,422,595	73.74%	37,028,509	75.02%
To Government	8,838,957	16.97%	8,083,328	16.38%
To Employees	2,181,213	4.19%	2,000,256	4.05%
To Society	22,076	0.04%	16,200	0.03%
To Providers of capital	300	0.00%	858	0.00%
Dividends for shareholders	1,034,066	1.98%	827,253	1.68%
Retained for re-investment and future growth	1,602,764	3.08%	1,403,386	2.84%
Total Value Distributed	52,101,971	100.00%	49,359,790	100.00%



DuPont Analysis



Quarterly Performance Analysis

Particulars	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
------(Rs in '000)-----					
Sales	10,759,975	10,735,499	11,110,263	11,872,976	44,478,713
Cost of sales	(9,675,412)	(9,732,752)	(10,082,277)	(10,763,488)	(40,253,929)
Gross Profit	1,084,563	1,002,747	1,027,986	1,109,488	4,224,784
Sales and marketing expenses	(317,419)	(306,123)	(319,670)	(350,726)	(1,293,938)
Administrative expenses	(106,325)	(110,336)	(108,883)	(104,510)	(430,054)
Other operating income	73,250	91,787	112,525	143,089	420,651
Other operating expenses	(51,870)	(51,218)	(49,504)	(71,397)	(223,989)
Finance cost	(3,190)	(1,028)	(2,117)	(1,701)	(8,036)
	(405,554)	(376,918)	(367,649)	(385,245)	(1,535,366)
Profit Before Taxation	679,009	625,829	660,337	724,243	2,689,418
Taxation	(190,114)	(161,412)	(180,262)	(156,070)	(687,858)
Profit After Taxation	488,895	464,417	480,075	568,173	2,001,560
Earnings per share - Basic	4.73	4.49	4.64	5.50	19.36

Quarterly Highlights

Sales

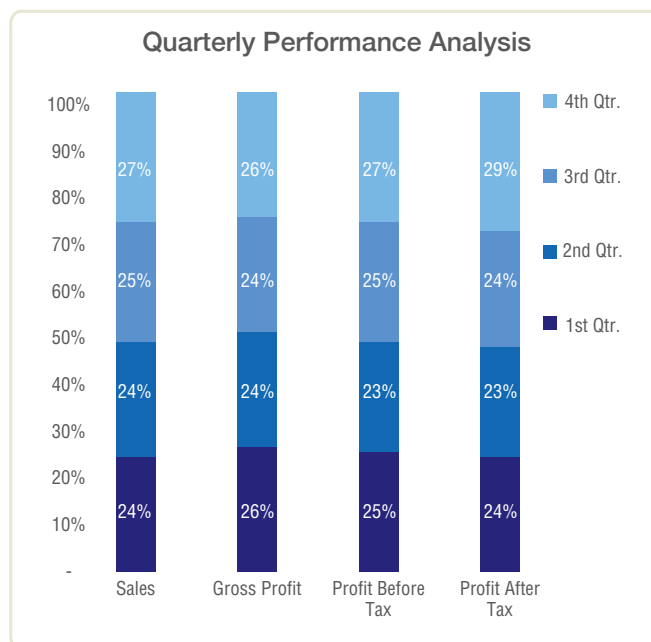
The sales of motorcycle remain largely consistent throughout the year as shown by the sales trend. Sales were marginally lower in first half due to less than expected results of agriculture which was affected by floods and rising input cost. However, timely increase in support prices and higher agricredit disbursements helped in improving demand in rural areas. Further, introduction of new model "CD Dream" in third quarter also helped in building sales momentum.

Gross Profit

The gross profit depicted mixed trends. Throughout the year, the Company was focused on mitigating exchange devaluation, rising material cost and power outages through new model launches, improved sales mix, timely localization and effective energy management. Further, appreciation of Pak Rupee against US Dollar improved profit margins in last quarter.

Profit Before Taxation

PBT are consistent with trends in gross profits. Further, effective controls over operating expenses and healthy treasury income supported in achieving margins of approximately 6%.



Profit After Taxation

The Company managed to achieve record post tax profit of over Rs. 2 billion with PAT margin at 4.5%.

Share Price Sensitivity Analysis

Company's financial performance has a positive correlation with its share price. Accordingly, factors that influence the Company's performance can also be reasonably expected to impact its share price. Following are the factors prevailing in current business environment that management considers to be sensitive to Company's performance and therefore can also affect its share price.

Agriculture



Agriculture employs more than 50% population. The agriculture based rural areas also form the chunk of motorcycle demand in the country. Therefore, the Company's performance is strongly linked with the performance of agriculture sector. The years which see good crop acreage, adequate rainfall and healthy support prices also witness increase in motorcycle sales. Conversely, the years of water mismanagement, fertilizer crises, floods and low prices of crops also witness low growth in two-wheeler market.

Energy Crisis



Due to the on-going energy crisis, supply of gas and electricity is often disrupted to industrial undertakings. Accordingly, the entire manufacturing industry is facing severe operational and financial difficulties. This forces the Company to resort to expensive alternatives to run operations which directly affects the Company's financial performance.

Law and Order



Unstable law and order situation often results in disruption of business activities, transportation strikes, hindrance in supply chain and restrictions on public's use of motorcycles that negatively impacts on Company's performance.

Exchange fluctuations



Due to imports of plant, machinery, motorcycle parts and other related items, Company is sensitive to fluctuations in foreign currency. During the current year, Pak Rupee depreciated by 7% against US Dollar which adversely affected the financial performance. However, it was mitigated by adequate counter measures taken by the Company.

Plant Operations



Stable plant operations lead to higher production and better production efficiencies. Issues at production facilities negatively affect the financial performance of the Company and therefore, may also affect the share price.

Material Price Volatility



As a manufacturing concern, the Company's financial performance is sensitive to fluctuation in material prices. Various materials are used in the production of motorcycles including CKD kits, steel, aluminium, paints etc. Accordingly, volatility in material prices affects the financial performance which in turn may affect the share price of the Company.

Capital and Money Markets



Major portion of Company's liquid investments are in open-ended mutual funds. These funds heavily invest in capital and money market instruments. The fluctuating trends in these markets determine the Net Asset Value of these funds and as a result, also affect the Company's financial performance and therefore, the share price.

Interest Rates



As on March 31, 2014, Company has bank balances in saving accounts and term deposit receipts of Rs. 2,635 million. With no debt on the balance sheet, rise in interest rates improves Company's treasury income and decline in interest rates accordingly reduces it. Such changes in interest rates affect the Company's financial performance and may also result in share price fluctuation.



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes one independent director, three executive and four non executive directors.

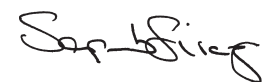
Independent Director	1.	Abid Naqvi
Executive Directors	1.	Saqib H. Shirazi
	2.	Hiromitsu Takasaki
	3.	Hisao Kobayashi
Non Executive Directors	1.	Yusuf H. Shirazi
	2.	Kazuhisa Hirota
	3.	Sanaullah Qureshi
	4.	Tariq Amin

The independent director meets the criteria of independence under clause i(b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including Atlas Honda Limited.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board was duly filled by the directors within the prescribed time.
5. The Board of Directors of the Company completed its term on March 20th, 2014 which has been re-constituted on the same day through election in the Extra Ordinary General Meeting of the Company.
6. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings to all the directors. The minutes of the meetings were appropriately recorded and circulated.
10. One of the newly elected directors, Mr. Abid Naqvi has attended the directors training course conducted by the Pakistan Institute of Corporate Governance and the remaining directors will acquire the required directors training certification within the time specified in the Code, unless exempt thereunder.

11. The Directors' report for the year ended March 31, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and Chief Financial Officer (CFO) before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has already formed an Audit Committee. It comprises of three members, one of whom is independent director and two are non executive directors of the Company.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company, as required by the Code. The terms of reference of the Committee have been prepared and advised to the Committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises of three members of whom two are non executive and one is executive director of the Company.
18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. We confirm that all other material principles contained in the Code have also been complied with.

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: April 30, 2014



HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Atlas Honda Limited** to comply with the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Regulation 35(x) of the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended March 31, 2014.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: April 30, 2014
Engagement Partner: Muhammad Ali

KARACHI:

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Fax : +92 42 37235083
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URL : www.hccpk.com





HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of **Atlas Honda Limited** as at March 31, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: April 30, 2014
Engagement Partner: Muhammad Ali

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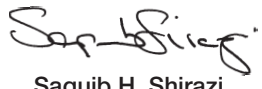
Balance Sheet

As at March 31, 2014

	Note	2014	Re-stated 2013	Re-stated April 1, 2012
----- (Rupees in '000) -----				
Assets				
Non Current Assets				
Property, plant and equipment	6	4,552,816	4,421,744	3,941,610
Intangible assets	7	4,781	5,555	6,419
Long term investments	8	-	-	-
Long term loans and advances	9	26,396	25,583	20,420
Long term deposits		9,632	8,399	15,728
		<u>4,593,625</u>	<u>4,461,281</u>	<u>3,984,177</u>
Current Assets				
Stores, spares and loose tools	10	400,424	390,250	348,639
Stock-in-trade	11	2,042,602	2,171,536	2,161,328
Trade debts	12	520,321	514,742	598,265
Loans and advances	13	35,305	33,253	33,152
Trade deposits and prepayments	14	50,679	47,722	44,832
Short term investments	15	3,691,241	1,635,183	1,460,580
Accrued mark-up / interest		11,130	11,603	4,348
Other receivables	16	4,666	6,302	15,338
Taxation - net		-	2,578	160,604
Bank balances	17	2,843,738	2,739,988	2,149,154
		<u>9,600,106</u>	<u>7,553,157</u>	<u>6,976,240</u>
Non Current Assets Classified as Held for Sale	18	171,459	-	-
		<u>14,365,190</u>	<u>12,014,438</u>	<u>10,960,417</u>
Equity and Liabilities				
Equity				
Share capital	19	1,034,066	827,253	719,350
Reserves	20	6,879,247	5,701,924	4,667,550
		<u>7,913,313</u>	<u>6,529,177</u>	<u>5,386,900</u>
Liabilities				
Non Current Liabilities				
Compensated absences	21	192,042	170,248	153,878
Deferred taxation	22	637,558	680,626	559,270
		<u>829,600</u>	<u>850,874</u>	<u>713,148</u>
Current Liabilities				
Trade and other payables	23	5,577,694	4,634,387	4,860,369
Taxation - net		44,583	-	-
		<u>5,622,277</u>	<u>4,634,387</u>	<u>4,860,369</u>
		<u>6,451,877</u>	<u>5,485,261</u>	<u>5,573,517</u>
Contingencies and Commitments	25	<u>14,365,190</u>	<u>12,014,438</u>	<u>10,960,417</u>

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi
 Chairman

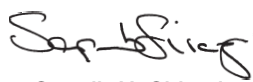

Saquib H. Shirazi
 Chief Executive Officer

Profit and Loss Account For the Year Ended March 31, 2014

	Note	2014 ----- (Rupees in '000) -----	Re-stated 2013
Sales	26	44,478,713	42,325,242
Cost of sales	27	(40,253,929)	(38,644,529)
Gross profit		4,224,784	3,680,713
Sales and marketing expenses	28	(1,293,938)	(1,206,118)
Administrative expenses	29	(430,054)	(386,924)
Other income	30	420,651	322,668
Other operating expenses	31	(223,989)	(190,453)
Profit from operations		2,697,454	2,219,886
Finance cost	32	(8,036)	(9,726)
Profit before taxation		2,689,418	2,210,160
Taxation	33	(687,858)	(600,643)
Profit after taxation		2,001,560	1,609,517
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Gain on remeasurement of staff retirement benefit obligation		4,529	513
- Impact of deferred tax		(1,513)	(175)
		3,016	338
Total comprehensive income		2,004,576	1,609,855
		----- (Rupees) -----	
Earnings per share - basic and diluted	34	19.36	15.56

The annexed notes 1 to 45 form an integral part of these financial statements.


Yusuf H. Shirazi
Chairman


Saquib H. Shirazi
Chief Executive Officer

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Cash Flow Statement


For the Year Ended March 31, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 -----
Cash Flows from Operating Activities			
Cash generated from operations	35	4,233,810	2,576,013
Mark-up / interest paid		(300)	(857)
Income tax paid		(685,278)	(321,436)
Contribution made to gratuity fund		(26,371)	(26,191)
Compensated absences paid		(8,161)	(18,115)
Mark-up / interest received		182,373	108,627
Workers' profit participation fund paid		(118,931)	(87,135)
Workers' welfare fund paid		(43,530)	(24,332)
Long term loans and advances		(813)	(5,163)
Long term deposits		(1,233)	7,329
Net cash generated from operating activities		3,531,566	2,208,740
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(981,446)	(1,159,626)
Purchase of intangible assets		(3,239)	(1,474)
Proceeds from sale of property, plant and equipment		20,556	33,549
Investments acquired		(2,604,133)	(375,000)
Proceeds from sale of investments		754,604	347,876
Net cash used in investing activities		(2,813,658)	(1,154,675)
Cash Used in Financing Activities			
Dividend paid		(614,158)	(463,231)
Net increase in cash and cash equivalents		103,750	590,834
Cash and cash equivalents at beginning of the year		2,739,988	2,149,154
Cash and cash equivalents at end of the year	17	2,843,738	2,739,988

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Statement of Changes in Equity For the Year Ended March 31, 2014

	Capital Reserves			Revenue Reserves		Total
	Share Capital	Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	
	(Rupees in '000)					
Balance as at April 1, 2012 (as previously reported)	719,350	39,953	165	3,442,000	1,218,466	5,419,934
Effect of change in accounting policy due to application of IAS-19 (Revised) - net of tax [note 5]	-	-	-	-	(33,034)	(33,034)
Balance as at April 1, 2012 (restated)	719,350	39,953	165	3,442,000	1,185,432	5,386,900
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognized directly in equity						
Bonus shares issued during the year in ratio of 3 shares for every 20 shares held	107,903	-	-	-	(107,903)	-
Final dividend for the year ended March 31, 2012 at the rate of Rs.6.50 per share	-	-	-	-	(467,578)	(467,578)
	107,903	-	-	-	(575,481)	(467,578)
Total comprehensive income for the year ended March 31, 2013						
Profit for the year	-	-	-	-	1,609,517	1,609,517
Other comprehensive income	-	-	-	-	338	338
	-	-	-	-	1,609,855	1,609,855
Balance as at March 31, 2013 (restated)	827,253	39,953	165	4,072,000	1,589,806	6,529,177
Transfer to general reserve	-	-	-	630,000	(630,000)	-
Total transactions with owners, recognized directly in equity						
Bonus shares issued during the year in ratio of 1 share for every 4 shares held	206,813	-	-	-	(206,813)	-
Final dividend for the year ended March 31, 2013 at the rate of Rs.7.50 per share	-	-	-	-	(620,440)	(620,440)
	206,813	-	-	-	(827,253)	(620,440)
Total comprehensive income for the year ended March 31, 2014						
Profit for the year	-	-	-	-	2,001,560	2,001,560
Other comprehensive income	-	-	-	-	3,016	3,016
	-	-	-	-	2,004,576	2,004,576
Balance as at March 31, 2014	<u>1,034,066</u>	<u>39,953</u>	<u>165</u>	<u>4,702,000</u>	<u>2,137,129</u>	<u>7,913,313</u>

The annexed notes 1 to 45 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Notes to the Financial Statements For the Year Ended March 31, 2014

1. Legal Status and Operations

Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 under the Companies Act, 1913, now Companies Ordinance, 1984. Its shares are quoted on Karachi and Lahore Stock Exchanges of Pakistan. 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, warranty & training centres and other offices located at Karachi, Hyderabad, Multan, Lahore, Faisalabad, Rahim Yar Khan and Rawalpindi.

2. Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and staff retirement benefit - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgments 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 expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Judgments made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- (i) Estimate of useful life of property, plant and equipment and intangible assets [notes 4.1 and 4.2]
- (ii) Provisions against slow moving inventories [notes 4.8 and 4.9]
- (iii) Retirement benefits [notes 4.13 and 23.7]
- (iv) Provision for taxation [note 4.19]

3. New and Amended Standards and Interpretations

3.1 Standards, amendments to approved accounting standards and interpretations that are effective and relevant

The amendments to the following standards have been adopted by the Company for the first time for the financial year beginning on April 1, 2013:

- (a) Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit and loss subsequently (reclassification adjustments). The Company has applied the amendments by incorporating the effects in these financial statements.
- (b) Amendment to IAS 1, 'Financial statement presentation' regarding disclosure requirements for comparative information. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, and the retrospective application has a material effect on the information in the balance sheet at the beginning of the preceding period. However, the entity need not present the related notes in the opening balance sheet as at the beginning of the preceding period. Accordingly, the Company has presented the third balance sheet as at the beginning of the preceding period in these financial statements due to retrospective application of revised IAS 19.
- (c) IAS 19, 'Employee benefits' was revised in June 2011. Revised standard eliminates the corridor approach and calculates finance costs on a net funding basis. IAS 19 (Revised) amends the accounting for the Company's defined benefit plans. The Company has applied this standard retrospectively and its impact on the Company's financial statements has been explained in note 5.

3.2 Standards, amendments to approved accounting standards and interpretations that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on April 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

The following new standards and amendments to published standards are not effective (although available for early adoption) for the financial year beginning on April 1, 2013 and have not been early adopted by the Company:

- (a) IFRS 9, 'Financial instruments - classification and measurement' is applicable on accounting periods beginning on or after January 1, 2015. This standard is yet to be notified by the SECP. IFRS 9 replaces the parts of IAS 39, 'Financial instruments: recognition and measurement', that relate to classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories; those measured at fair value and those measured at amortised cost.

The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case the fair value option is taken for financial liabilities, the part of a fair value change due to entity's own credit risk is recorded in other comprehensive income rather than the profit and loss account, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company does not expect to have a material impact on its financial statements due to application of this standard.

- (b) IAS 19 (Amendment), 'Employee benefits', is applicable on accounting periods beginning on or after July 1, 2014. This amendment apply to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company is yet to assess the full impact of the amendment, however the initial indications are that the amendment is unlikely to have any significant impact on the Company's financial statements.
- (c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The Company shall apply this amendment from April 1, 2014 and does not expect to have a material impact on its financial statements.
- (d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from April 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

4. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented, except as stated in note 5.

4.1 Property, plant and equipment

Owned assets

The Company has adopted cost model for its property, plant and equipment. Property, plant and equipment except for freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss, if any. Cost includes expenditure that is directly attributable to acquisition of the asset, including any borrowing cost (note 4.22). The cost of a self constructed asset includes cost of materials, labour and other overheads that are directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling / removing the asset and restoring the site on which it is located. Items of property, plant and equipment individually costing Rs.25,000 or less are charged to the profit and loss account as and when purchased.

Capital work-in-progress is stated at cost accumulated upto the balance sheet date less accumulated impairment loss, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for its intended use.

Where major components of a single item of owned operating fixed assets have different useful lives, they are accounted for in the books of account as separate items.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day-to-day servicing are charged to the profit and loss account as and when incurred.

Depreciation is charged to the profit and loss account using reducing balance method except for dies and jigs, office equipment, computers and accessories, furniture and fixtures and service equipment, without considering extra shifts. Depreciation on dies and jigs, office equipment, computers and accessories, furniture and fixtures and service equipment is charged to the profit and loss account using straight line method. Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an item of property, plant and equipment is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of that asset with the realized sales proceeds and are recognized within 'Other income / other operating expenses' in the profit and loss account.

Leased assets

Lease that substantially transfers all the risks and rewards incidental to the ownership of an asset to the Company is classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable for owned assets.

4.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any and represent cost of software licenses, SAP implementation & support cost and license fee of certain components that are being manufactured by the Company under technology transfer arrangements.

Costs associated with maintaining these asset are charged to the profit and loss account as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognized as intangible asset. Direct costs include purchase cost of the asset, salaries and other service benefits of staff deployed towards development of the asset and other related overheads. Expenditures incurred in respect of design, construction and testing of an intangible asset are also added to the carrying amount of that asset.

Expenditure which enhances or extends the performance of the asset beyond its original specifications is recognized as a capital improvement and added to the original cost of the asset.

All intangible assets are estimated to have definite useful lives and are amortized from the month the software / license is acquired, made available for use or extended support cost is incurred, using the straight line method over a period of 2 to 5 years.

4.3 Impairment of non financial assets

Non financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.4 Financial assets

4.4.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, in which case, they are classified as non current assets.

(c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity in respect of which the Company has positive intent and ability to hold till maturity.

(d) Available for sale financial assets

Available for sale financial assets are non derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non current assets unless the asset matures or management intends to dispose of the assets within 12 months of the balance sheet date.

4.4.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of the ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

Changes in the fair value of monetary and non monetary securities classified as available for sale are recognized in 'Other comprehensive income'.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as 'Gains / losses from investment securities'.

Interest on available for sale securities and held to maturity investments is calculated using the effective interest method and is recognized in the profit and loss account as part of 'Other income'. Dividends on available for sale equity securities are recognized in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss account. Impairment losses recognized in profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of other receivables is described in note 4.10.

4.5 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognized in the profit and loss account.

4.6 Off setting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

4.7 Derivative financial instruments and hedging activities

The Company designates derivative financial instruments as either fair value hedge or cash flow hedge.

(a) Fair value hedge

Fair value hedge represents a hedge of the fair value of a recognized asset or liability or a firm commitment. Changes in the fair value of a derivative that is designated and qualify as fair value hedge is recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The carrying value of the hedged item is adjusted accordingly.

(b) Cash flow hedge

Cash flow hedge represents a hedge of a highly probable forecast transaction. The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account. Amounts accumulated in equity are reclassified to the profit and loss account in the periods in which the hedged item will affect the profit and loss account.

4.8 Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items-in-transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage pattern and physical form. Impairment is also made for slow moving items.

4.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost of raw materials and components represent invoice values plus other charges incurred thereon. Cost of inventory is based on weighted average cost. Cost in relation to work-in-process and finished goods represent direct cost of raw materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost accumulated upto the balance sheet date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realizable value is the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.10 Trade debts and other receivables

Trade and other receivables are initially recognized at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of the receivables.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents represent balances with banks.

4.12 Non current assets classified as held for sale

Non current assets are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale is highly probable.

The Company measures its non current assets classified as held for sale at the lower of carrying amount and fair value less costs to sell. Costs to sell signify the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

4.13 Retirement and other service benefit obligations

4.13.1 Defined contribution plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognized as an employee service benefit expense in the profit and loss account when it is due.

The Company operates defined contribution plans for its permanent employees excluding ex-patriates, through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the fund / scheme both by the Company and the employees. The fund is a separate legal entity and its assets are being held separately under the control of its Trustees.

4.13.2 Defined benefit plans

Defined benefit plan is a post employment benefit plan other than the defined contribution plan. Defined benefit plans define an amount of gratuity that an employee will receive on retirement, usually dependent on one or more factors such as age and years of service. The liability recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The Company has established separate funded gratuity schemes for its management and non management staff who completes qualifying period of service. Contributions under the schemes are made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 23.7 to the financial statements.

The amount arising as a result of remeasurements are recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

4.13.3 Compensated absences

Employees' entitlement to annual leaves is recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the balance sheet date.

4.14 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.15 Obligation under finance lease

Total outstanding obligation under the lease arrangements less finance cost attributable to future periods is presented as liability. Finance cost under the lease arrangements is distributed over the lease term so as to produce a constant periodic rate of finance cost on the balance of principal liability outstanding at the end of each period.

4.16 Operating leases / Ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as operating leases / Ijarah. Payments made during the year are charged to the profit and loss account on a straight line basis over the period of the lease / Ijarah.

4.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.18 Warranty

The Company recognizes the estimated liability to repair or replace damaged parts of products still under warranty at the balance sheet date on the basis of historical claim information. The Company offers 2 years' warranty on all engine spare parts and six months warranty on all other spare parts of its motorcycles. The ratio of warranty claims filed during the year to previous year's sales is taken into account for determining the estimated liability.

4.19 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of the taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

4.20 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss account within 'Other income / other operating expenses'.

4.21 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and trade discounts. Revenue from different sources is recognized on the following basis:

- Revenue from sales of motorcycles and spare parts is recognized when goods are dispatched and invoiced to customers.
- Interest income on deposits with banks and other financial assets is recognized on accrual basis.
- Dividend income is recognized when the Company's right to receive dividend has been established.

4.22 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

4.23 Research and development costs

Research and development costs are recognized in profit and loss account as and when incurred.

4.24 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

4.25 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 39 to these financial statements.

4.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

5. Change in Accounting Policy

IAS 19 (Revised) - 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for Company's defined benefit plans. The revised standard requires past service cost to be recognized immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "remeasurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires "remeasurements" to be recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (Revised), the Company's policy for 'Retirement and other service benefit obligations - defined benefit plans' stands amended as follows:

The amount arising as a result of remeasurements are recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated. The Company's financial statements are only affected by the remeasurements relating to prior years. The effects have been summarized below:

	As at March 31, 2013	As at April 1, 2012
	----- (Rupees in '000) -----	
Impact on balance sheet		
Increase in trade and other payables	47,084	50,201
Decrease in deferred taxation	(16,101)	(17,167)
	<u>30,983</u>	<u>33,034</u>
	For the year ended March 31, 2013 (Rupees in '000)	
Impact on profit and loss account		
Decrease in cost of sales		1,520
Decrease in sales and marketing expenses		530
Decrease in administrative expenses		553
(Increase) in taxation		(890)
		<u>1,713</u>
Impact on other comprehensive income		
Increase in remeasurement gain of staff retirement benefit obligation		513
(Increase) in deferred tax charge relating to remeasurement of staff retirement benefit plans		(175)
		<u>338</u>
		<u>2,051</u>
Impact on statement of changes in equity		
Decrease in unappropriated profit		<u>(30,983)</u>
		<u>2,051</u>

The effect of change in accounting policy, due to application of IAS 19 (Revised) on 'earnings per share' is immaterial in the overall context of these financial statements. There is no cash flow impact as a result of the retrospective application of change in accounting policy.

	Note	2014	2013
		----- (Rupees in '000) -----	
6. Property, Plant and Equipment			
Operating fixed assets	6.1	4,406,665	4,385,058
Capital work-in-progress	6.4	146,151	36,686
		<u>4,552,816</u>	<u>4,421,744</u>

6.1 Operating fixed assets

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Dies and jigs	Factory equipment	Office equipment	Computers and accessories	Furniture and fixtures	Fixture and equipment	Electric and gas fittings	Vehicles	Service equipment	Total
(Rupees in '000)															
As at April 1, 2012															
Cost	5,112	34,132	379,520	91,885	4,946,380	1,206,072	182,911	20,805	117,998	27,473	1,300	281,155	225,455	389	7,520,587
Accumulated depreciation	-	(8,988)	(181,608)	(44,737)	(2,215,689)	(868,172)	(98,457)	(16,369)	(90,278)	(13,979)	(1,300)	(137,931)	(84,408)	(389)	(3,762,305)
Net book value	5,112	25,144	197,912	47,148	2,730,691	337,900	84,454	4,436	27,720	13,494	-	143,224	141,047	-	3,758,282
Year ended March 31, 2013															
Opening net book value	5,112	25,144	197,912	47,148	2,730,691	337,900	84,454	4,436	27,720	13,494	-	143,224	141,047	-	3,758,282
Additions	-	-	8,942	118,967	707,681	296,430	39,823	3,202	10,769	10,346	-	67,292	42,816	-	1,306,268
Disposals															
Cost	-	-	-	-	(46,078)	(68,176)	(1,936)	-	(2,390)	(917)	-	(4,365)	(42,146)	(15)	(166,023)
Accumulated depreciation	-	-	-	-	35,384	45,260	1,012	-	2,390	917	-	4,059	19,024	15	108,061
	-	-	-	-	(10,694)	(22,916)	(924)	-	-	-	-	(306)	(23,122)	-	(57,962)
Written off															
Cost	-	-	-	(1,081)	-	-	-	-	-	-	-	(249)	-	-	(1,330)
Accumulated depreciation	-	-	-	673	-	-	-	-	-	-	-	249	-	-	922
	-	-	-	(408)	-	-	-	-	-	-	-	-	-	-	(408)
Depreciation charge	-	(513)	(20,269)	(13,732)	(314,312)	(191,654)	(11,397)	(1,760)	(14,250)	(4,531)	-	(18,859)	(29,845)	-	(621,122)
Closing net book value	5,112	24,631	186,585	151,975	3,113,366	419,760	111,956	5,878	24,239	19,309	-	191,351	130,896	-	4,385,058
As at March 31, 2013															
Cost	5,112	34,132	388,462	209,771	5,607,983	1,434,326	220,798	24,007	126,377	36,902	1,300	343,833	226,125	374	8,659,502
Accumulated depreciation	-	(9,501)	(201,877)	(57,796)	(2,494,617)	(1,014,566)	(108,842)	(18,129)	(102,138)	(17,593)	(1,300)	(152,482)	(95,229)	(374)	(4,274,444)
Net book value	5,112	24,631	186,585	151,975	3,113,366	419,760	111,956	5,878	24,239	19,309	-	191,351	130,896	-	4,385,058
Year ended March 31, 2014															
Opening net book value	5,112	24,631	186,585	151,975	3,113,366	419,760	111,956	5,878	24,239	19,309	-	191,351	130,896	-	4,385,058
Additions	-	-	116,608	17,232	373,589	180,295	33,422	5,742	18,291	6,250	-	48,123	74,441	-	873,993
Disposals (note 6.3)															
Cost	-	-	-	-	(70,923)	(188,882)	(542)	(52)	(4,039)	(202)	-	-	(35,561)	-	(300,201)
Accumulated depreciation	-	-	-	-	53,702	180,763	542	52	3,962	202	-	-	17,333	-	256,556
	-	-	-	-	(17,221)	(8,119)	-	-	(77)	-	-	-	(18,228)	-	(43,645)
Written off															
Cost	-	-	-	-	-	-	-	-	(854)	-	(1,300)	-	-	(374)	(2,528)
Accumulated depreciation	-	-	-	-	-	-	-	-	854	-	1,300	-	-	374	2,528
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets classified as held for sale and transferred to inventories															
Cost	-	-	-	-	(278,014)	(33,289)	(812)	-	-	-	-	-	(2,397)	-	(314,512)
Accumulated depreciation	-	-	-	-	108,806	31,406	444	-	-	-	-	-	385	-	141,041
	-	-	-	-	(169,208)	(1,883)	(368)	-	-	-	-	-	(2,012)	-	(173,471)
Depreciation charge (note 6.2)	-	(513)	(20,069)	(15,801)	(324,758)	(187,318)	(12,579)	(2,032)	(15,770)	(5,404)	-	(21,136)	(29,890)	-	(635,270)
Closing net book value	5,112	24,118	283,124	153,406	2,975,768	402,735	132,431	9,588	26,683	20,155	-	218,338	155,207	-	4,406,665
As at March 31, 2014															
Cost	5,112	34,132	505,070	227,003	5,632,635	1,392,450	252,866	29,697	139,775	42,950	-	391,956	262,608	-	8,916,254
Accumulated depreciation	-	(10,014)	(221,946)	(73,597)	(2,656,867)	(989,715)	(120,435)	(20,109)	(113,092)	(22,795)	-	(173,618)	(107,401)	-	(4,509,589)
Net book value	5,112	24,118	283,124	153,406	2,975,768	402,735	132,431	9,588	26,683	20,155	-	218,338	155,207	-	4,406,665
Annual rate of depreciation (%)	-	1.79	10	10	10	25	10	20	25	20	20	10	20	20	

Note 2014 2013
----- (Rupees in '000) -----

6.2 Depreciation charge for the year has been allocated as follows:

Cost of sales	27	597,238	585,874
Administrative expenses	29	38,032	35,248
		<u>635,270</u>	<u>621,122</u>

6.3 The details of operating fixed assets disposed off during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	----- (Rupees in '000) -----					
Assets having net book value exceeding Rs.50,000 each						
Plant and machinery						
Module machine	15,111	(13,602)	1,509	192	Scrap	Noor-e-Eman Enterprises, 25 KM Multan Road, Lahore
Cylindrical grinder	19,001	(14,682)	4,319	314	Scrap	Noor-e-Eman Enterprises, 25 KM Multan Road, Lahore
HFQ machine	17,560	(11,791)	5,769	141	Scrap	Khan Traders, Zahoor Park, Masrishah, Lahore
CNC turning machine	7,253	(5,690)	1,563	154	Scrap	Khan Traders, Zahoor Park, Masrishah, Lahore
Diesel generator	9,239	(5,867)	3,372	163	Negotiation	Tariq Mehmood & Brothers, Kot Pindi Das Road, Shahdra, Lahore
Diesel generator	1,432	(1,299)	133	427	Negotiation	Tariq Mehmood & Brothers, Kot Pindi Das Road, Shahdra, Lahore
Mig welding plant	145	(89)	56	8	Scrap	Roshan Traders, Near Dawood Hercules, Lahore Road, Sheikhpura
Mig welding plant	155	(95)	60	8	Scrap	Roshan Traders, Near Dawood Hercules, Lahore Road, Sheikhpura
Mig welding plant	155	(95)	60	8	Scrap	Roshan Traders, Near Dawood Hercules, Lahore Road, Sheikhpura
Tig welding plant	296	(151)	145	8	Scrap	Roshan Traders, Near Dawood Hercules, Lahore Road, Sheikhpura
Tig welding plant	418	(214)	204	25	Scrap	Roshan Traders, Near Dawood Hercules, Lahore Road, Sheikhpura
	70,765	(53,575)	17,190	1,448		
Dies and Jigs						
Die right cover	1,760	(697)	1,063	2	Scrap	Rehman Taj Scrap Traders, Kot Pindi Das Road, 25 Stop Shahdra, Lahore
Moulding cavity	1,990	(1,410)	580	2	Scrap	Rehman Taj Scrap Traders, Kot Pindi Das Road, 25 Stop Shahdra, Lahore
Moulding cavity	3,940	(2,791)	1,149	4	Scrap	Rehman Taj Scrap Traders, Kot Pindi Das Road, 25 Stop Shahdra, Lahore
Jack core mould	11,116	(5,790)	5,326	11	Scrap	Rehman Taj Scrap Traders, Kot Pindi Das Road, 25 Stop Shahdra, Lahore
	18,806	(10,688)	8,118	19		
Computers and accessories						
Laptop	90	(13)	77	77	Company policy	Shirazi Investments (Pvt.) Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
Vehicles						
	2,785	(2,022)	763	763	Company policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	1,010	(66)	944	944	Company policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	414	(98)	316	316	Company policy	Atlas Hitec (Pvt.) Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
Balance carried forward	4,209	(2,186)	2,023	2,023		

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	----- (Rupees in '000) -----					
Balance brought forward	4,209	(2,186)	2,023	2,023		
Vehicles	65	(7)	58	58	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	65	(7)	58	58	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	80	(14)	66	66	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	106	(38)	68	68	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	112	(22)	90	90	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	112	(19)	93	93	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	111	(16)	95	95	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	798	(133)	665	665	Company policy	Mr. Qadeer Khan (Employee)
	84	(32)	52	52	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	108	(30)	78	78	Company policy	Mr. M. Saad Paracha (Employee)
	572	(222)	350	350	Company policy	Mr. Aamir Habib Arain (Employee)
	662	(399)	263	263	Company policy	Mr. Afrasiab Khan (Employee)
	537	(289)	248	248	Company policy	Mr. Faheem Haider (Employee)
	93	(8)	85	85	Company policy	Mr. Farrukh Amir Malik (Ex-Employee)
	85	(29)	56	56	Company policy	Mr. Hafiz Muhammad Usman (Employee)
	660	(392)	268	268	Company policy	Mr. Khalid Kamal (Employee)
	654	(384)	270	270	Company policy	Mr. M. Younis (Employee)
	1,232	(743)	489	489	Company policy	Mr. Majid Shami (Employee)
	91	(13)	78	78	Company policy	Mr. Maula Baksh Jaffery (Ex-Employee)
	87	(24)	63	63	Company policy	Mr. Moazzam Ali Gondal (Employee)
	109	(30)	79	79	Company policy	Mr. Mohammad Imran Siddique (Employee)
	1,385	(707)	678	678	Company policy	Mr. Mohammad Saeed Anwar (Employee)
	89	(25)	64	64	Company policy	Mr. Qamar Nazir (Employee)
	108	(33)	75	75	Company policy	Mr. Rameez Baig (Employee)
	509	(303)	206	206	Company policy	Mr. Shahab Uddin (Employee)
	1,192	(244)	948	948	Company policy	Mr. Shahzada Jamal (Employee)
	690	(359)	331	331	Company policy	Mr. Talat Mahmood Khan (Employee)
	612	(170)	442	442	Company policy	Mr. Tariq Abbas (Ex-Employee)
	537	(289)	248	248	Company policy	Mr. Wajhat Hayat (Employee)
	89	(25)	64	64	Company policy	Mr. Wasim Ahmed Usmani (Employee)
	1,403	(676)	727	727	Company policy	Mr. Zahid Saleem (Employee)
	85	(29)	56	56	Company policy	Mr. Zaigham Aziz (Employee)
	109	(30)	79	79	Company policy	Mr. Zia Ul Qadir (Employee)
	545	(225)	320	320	Company policy	Miss Amina Tahir (Ex-Employee)
	88	(30)	58	58	Company policy	Mr. Awais Ahmed Cheema (Ex-Employee)
	106	(46)	60	60	Company policy	Atlas Autos (Pvt.) Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	64	(10)	54	54	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	64	(6)	58	58	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	80	(11)	69	69	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	80	(5)	75	75	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
Balance carried forward	18,467	(8,260)	10,207	10,207		

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	----- (Rupees in '000) -----					
Balance brought forward	18,467	(8,260)	10,207	10,207		
Vehicles	1,494	(579)	915	915	Company policy	Mr. Shaukat Alam (Ex-Employee)
	105	(41)	64	64	Company policy	Mr. Akhlaq Ahmad (Employee)
	509	(307)	202	202	Company policy	Mr. Anser Mehmood (Employee)
	1,366	(676)	690	690	Company policy	Mr. Azfar Zaheer (Ex-Employee)
	89	(25)	64	64	Company policy	Mr. Farooq Shahzad (Ex-Employee)
	404	(333)	71	341	Negotiation	Mr. Hayat Khan, E-275, Block R, Usman Ghani Colony, North Nazimabad, Karachi
	86	(29)	57	57	Company policy	Mr. Iftikhar Ahmad (Employee)
	1,373	(714)	659	659	Company policy	Mr. Irshad Ahmed (Employee)
	652	(393)	259	259	Company policy	Mr. Kashif Jilani (Employee)
	92	(23)	69	69	Company policy	Mr. M. Iqbal (Ex-Employee)
	537	(289)	248	248	Company policy	Mr. M. Nauman Akram (Employee)
	537	(289)	248	248	Company policy	Mr. M. Yawar Farooq (Employee)
	88	(22)	66	66	Company policy	Mr. Majid Badar Siddiqui (Employee)
	93	(21)	72	72	Company policy	Mr. Mamoon Ur Rasheed (Ex-Employee)
	517	(299)	218	218	Company policy	Mr. Mirza Saleem Baig (Employee)
	92	(15)	77	77	Company policy	Mr. Muhammad Arfan (Ex-Employee)
	93	(8)	85	85	Company policy	Mr. Muhammad Awais Khan (Ex-Employee)
	106	(36)	70	70	Company policy	Mr. Muhammad Ishaq (Employee)
	109	(30)	79	79	Company policy	Mr. Muhammad Nabeel Hassan (Employee)
	86	(31)	55	55	Company policy	Mr. Munawar Badshah (Employee)
	513	(297)	216	216	Company policy	Mr. Musharaf Akhtar (Employee)
	679	(353)	326	326	Company policy	Mr. Nawaid Ali Khan (Employee)
	529	(285)	244	244	Company policy	Mr. Saad Uddin Khan (Employee)
	652	(393)	259	259	Company policy	Mr. Saadi Mustafa (Employee)
	518	(312)	206	206	Company policy	Mr. Shahid Subhan (Employee)
	1,658	(970)	688	688	Company policy	Mr. Sultan Ahmed (Employee)
	87	(28)	59	59	Insurance claim	Atlas Insurance Ltd., a related party, Federation House, Shahrah-e-Firdouse, Clifton, Karachi
	1,378	(690)	688	688	Company policy	Mr. Zahid Mahmood Khan (Employee)
	529	(284)	245	245	Company policy	Mr. Zeeshan Jawaid (Employee)
	107	(35)	72	72	Company policy	Mr. Mohammad Ilyas (Employee)
	33,545	(16,067)	17,478	17,748		
	123,206	(80,343)	42,863	19,292		
Various assets having net book value upto Rs.50,000 each	176,995	(176,213)	782	1,264		
Year ended March 31, 2014	300,201	(256,556)	43,645	20,556		
Year ended March 31, 2013	166,023	(108,061)	57,962	33,549		

Note **2014** 2013
----- (Rupees in '000) -----

6.4 Capital work-in-progress

Buildings on freehold land		32,341	11,158
Buildings on leasehold land		4,329	4,740
Plant and machinery	6.4.1	100,676	1,349
Factory equipment		3,624	13,955
Furniture and fixtures		2,335	488
Electric and gas fittings		-	3,676
Vehicles	6.4.2	2,846	1,320
		146,151	36,686

6.4.1 Includes advance of Rs.3,000 thousand (2013: Rs.Nil) made to Shirazi Trading Company (Private) Limited - a related party.

6.4.2 Includes advance of Rs.2,158 thousand (2013: Rs.Nil) made to Honda Atlas Cars (Pakistan) Limited - a related party.

	Software licenses	SAP implementation and support cost	License fee	Total
----- (Rupees in '000) -----				
7. Intangible Assets				
At April 1, 2012				
Cost	39,666	38,041	5,216	82,923
Accumulated amortization	(38,646)	(36,728)	(1,130)	(76,504)
Net book value	<u>1,020</u>	<u>1,313</u>	<u>4,086</u>	<u>6,419</u>
Year ended March 31, 2013				
Opening net book value	1,020	1,313	4,086	6,419
Additions	1,474	-	-	1,474
Amortization charge (note 27.1)	(845)	(450)	(1,043)	(2,338)
Closing net book value	<u>1,649</u>	<u>863</u>	<u>3,043</u>	<u>5,555</u>
At March 31, 2013				
Cost	41,140	38,041	5,216	84,397
Accumulated amortization	(39,491)	(37,178)	(2,173)	(78,842)
Net book value	<u>1,649</u>	<u>863</u>	<u>3,043</u>	<u>5,555</u>
Year ended March 31, 2014				
Opening net book value	1,649	863	3,043	5,555
Additions	3,239	-	-	3,239
Amortization charge (note 27.1)	(2,520)	(450)	(1,043)	(4,013)
Closing net book value	<u>2,368</u>	<u>413</u>	<u>2,000</u>	<u>4,781</u>
At March 31, 2014				
Cost	44,379	38,041	5,216	87,636
Accumulated amortization	(42,011)	(37,628)	(3,216)	(82,855)
Net book value	<u>2,368</u>	<u>413</u>	<u>2,000</u>	<u>4,781</u>
Annual rate of amortization (%)	<u>50</u>	<u>20</u>	<u>20</u>	

Note

2014 2013
----- (Rupees in '000) -----

8. Long Term Investments - Available for Sale

Unquoted

Arabian Sea Country Club Limited

200,000 ordinary shares of Rs.10 each - cost

Less: Impairment in the value of investment

Automotive Testing & Training Centre (Private) Limited

50,000 ordinary shares of Rs.10 each - cost

Less: Impairment in the value of investment

	2,000	2,000
	2,000	2,000
	-	-
	500	500
	500	500
	-	-
	-	-

9. Long Term Loans and Advances - Considered Good

Loans and advances to:

- executives

- other employees

Less: amounts due within one year and shown under current assets:

- executives

- other employees

9.2 & 9.3

13

	9,363	7,938
	47,653	44,565
	57,016	52,503
	8,065	6,604
	22,555	20,316
	30,620	26,920
	26,396	25,583

- 9.1** These represent interest free loans and advances provided to executives and other employees as per the terms of employment. Loans aggregating Rs.40,727 thousand (2013: Rs.38,762 thousand) are provided for purchase of motorcycles and are repayable in forty eight equal monthly installments for management staff and forty equal monthly installments for non-management staff. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly installments.

	2014 ----- (Rupees in '000) -----	2013
9.2 Reconciliation of the carrying amount of loans and advances to executives		
Balance as at April 1,	7,938	7,370
Disbursements	12,470	11,268
	<hr/>	<hr/>
Repayments	20,408 (11,045)	18,638 (10,700)
	<hr/>	<hr/>
Balance as at March 31,	<u>9,363</u>	<u>7,938</u>

- 9.3** The maximum amount outstanding at the end of any month during the year ended March 31, 2014 from executives aggregated to Rs.9,785 thousand (2013: Rs.7,938 thousand).

- 9.4** The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

	Note	2014 ----- (Rupees in '000) -----	2013
10. Stores, Spares and Loose Tools			
Consumable stores		87,073	81,156
Maintenance spares		184,125	162,158
Loose tools		195,020	190,619
Items in transit		1,269	18,416
		<hr/>	<hr/>
		467,487	452,349
Provision for slow moving items	11.2	(67,063)	(62,099)
		<hr/>	<hr/>
		<u>400,424</u>	<u>390,250</u>

	Note	2014 ----- (Rupees in '000) -----	2013
11. Stock-in-Trade			
Raw materials and components			
- in hand		1,487,667	1,606,447
- held with vendors	11.1	122,087	146,118
		<hr/>	<hr/>
		1,609,754	1,752,565
Work-in-process		4,549	6,587
Finished goods			
- motorcycles		62,418	27,809
- spare parts		248,657	222,438
		<hr/>	<hr/>
		311,075	250,247
Items in transit		136,008	172,337
		<hr/>	<hr/>
		2,061,386	2,181,736
Provision for slow moving stocks	11.2	(18,784)	(10,200)
		<hr/>	<hr/>
		<u>2,042,602</u>	<u>2,171,536</u>

- 11.1 Includes raw materials amounting Rs.9,487 thousand (2013: Rs.12,396 thousand) held with Atlas Autos (Private) Limited (2013: Atlas Engineering Limited) [related parties] for manufacturing purposes.

	2014 ----- (Rupees in '000)	2013 ----- (Rupees in '000)	2014 ----- (Rupees in '000)	2013 ----- (Rupees in '000)
	Stores, spares and loose tools		Stock-in-trade	
11.2 Provision for slow moving inventories				
Balance as at April 1,	62,099	54,148	10,200	5,125
Provision for the year	4,964	7,951	8,584	5,075
Balance as at March 31,	67,063	62,099	18,784	10,200

- 11.3 Stock-in-trade and trade debts upto a maximum amount of Rs.4,058,000 thousand (2013: Rs.4,058,000 thousand) are under hypothecation of commercial banks as security for short term finance facilities (note 24).

	Note	2014 ----- (Rupees in '000)	2013 ----- (Rupees in '000)
12. Trade Debts - Considered Good			
Export - secured	12.1	7,519	20,209
Local - unsecured		512,802	494,533
		520,321	514,742

- 12.1 Trade debts are secured against letters of credit issued by customers in favour of the Company.

12.2 The ageing analysis of trade debts at March 31 is as follows:

Not past due	410,594	468,168
Past due within 30 days	103,270	38,992
Past due beyond 30 days but not later than 60 days	6,457	7,582
	520,321	514,742

- 12.3 Trade debts which are past due beyond thirty days have not been impaired as these relate to a number of customers for whom there is no recent history of default.

- 12.4 The banks have lien on export bills / contracts upto a maximum of Rs.400,000 thousand (2013: Rs.400,000 thousand) against foreign currency finance facilities (note 24).

	Note	2014 ----- (Rupees in '000)	2013 ----- (Rupees in '000)
13. Loans and Advances - Considered Good			
Current portion of long term loans and advances	9	30,620	26,920
Loans to employees other than executives	13.1	485	386
Advances to:			
- employees for incurring business expenses		-	436
- suppliers, contractors and others		4,200	5,511
		4,200	5,947
		35,305	33,253

- 13.1 These represent interest free welfare and festival loans provided to employees in accordance with Company's policy and have maturities upto ten months.

	2014 ----- (Rupees in '000)	2013 ----- (Rupees in '000)
14. Trade Deposits and Prepayments		
Trade deposits - unsecured and considered good	3,034	2,373
Prepayments	47,645	45,349
	50,679	47,722

Note
 2014
 ----- (Rupees in '000) -----
 2013

15. Short Term Investments - at Fair Value through Profit or Loss

2014 ----- Number of units -----	2013 ----- Number of units -----			
		Related parties		
1,571,767	1,260,081	Atlas Income Fund	812,211	648,148
134,195	124,653	Atlas Islamic Income Fund	69,171	63,935
4,242,008	682,619	Atlas Money Market Fund	2,133,560	344,818
499,800	-	Atlas Gold Fund	50,920	-
<u>6,447,770</u>	<u>2,067,353</u>		<u>3,065,862</u>	<u>1,056,901</u>
		Others		
2,189,807	3,990,367	Lakson Money Market Fund	219,237	399,366
2,100,079	-	Lakson Income Fund	213,257	-
7,086,699	6,517,687	NIT Government Bond Fund	75,537	69,999
6,982,968	6,327,055	NIT Income Fund	75,205	69,896
417,216	385,813	HBL Money Market Fund	42,143	39,021
<u>18,776,769</u>	<u>17,220,922</u>		<u>625,379</u>	<u>578,282</u>
<u>25,224,539</u>	<u>19,288,275</u>		<u>3,691,241</u>	<u>1,635,183</u>

16. Other Receivables - Unsecured, Considered Good

Duty drawback receivable		4,045	5,673
Others		621	629
		<u>4,666</u>	<u>6,302</u>

17. Bank Balances

Balances with banks in:

- current accounts		208,954	553,255
- savings deposit accounts	17.1	1,034,784	1,186,733
- term deposit receipts	17.2	1,600,000	1,000,000
		<u>2,843,738</u>	<u>2,739,988</u>

17.1 Savings deposit accounts carry mark-up upto 8.60% (2013: 11.00%) per annum.

17.2 Term deposit receipts (TDRs) have maturity dates ranging from 7 to 31 days (2013: 7 to 31 days) from respective dates of acquisition. These TDRs carry mark-up at the rates ranging from 9.20% to 9.40% (2013: 8.75% to 9.10%) per annum.

2014
 ----- (Rupees in '000) -----
 2013

18. Non Current Assets Classified as Held for Sale

Plant and machinery	169,208	-
Dies and jigs	1,883	-
Factory equipment	368	-
	<u>171,459</u>	<u>-</u>

18.1 The Company entered into an agreement with Denso Corporation and Atlas Autos (Private) Limited (an Associated Company) to form a company named Atlas Hitec (Private) Limited [AHTL]. The main objective of newly incorporated company is to manufacture and sale electrical components of motorcycles. According to this agreement, AHTL will issue its ordinary shares to the Company in consideration of abovementioned assets. The management, during the year, obtained the requisite approval from members and anticipates that this transaction will take place in April 2014.

			2014	2013
			----- (Rupees in '000) -----	
19. Share Capital				
19.1 Authorized capital				
	2014	2013		
	----- Number of shares -----			
	<u>150,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs.10 each	<u>1,500,000</u> <u>1,000,000</u>
19.2 Issued, subscribed and paid-up capital				
	2014	2013		
	----- Number of shares -----			
	6,352,748	6,352,748	Ordinary shares of Rs.10 each fully paid in cash	63,528 63,528
	96,794,565	76,113,243	Ordinary shares of Rs.10 each issued as fully paid bonus shares	967,945 761,132
	259,300	259,300	Ordinary shares of Rs.10 each issued as fully paid for consideration other than cash	2,593 2,593
	<u>103,406,613</u>	<u>82,725,291</u>		<u>1,034,066</u> <u>827,253</u>
19.3 Movement in issued, subscribed and paid-up capital during the year				
	2014	2013		
	----- Number of shares -----			
	82,725,291	71,935,036	Balance as at April 1,	827,253 719,350
	20,681,322	10,790,255	Ordinary shares of Rs.10 each issued during the year as fully paid bonus shares	206,813 107,903
	<u>103,406,613</u>	<u>82,725,291</u>	Balance as at March 31,	<u>1,034,066</u> <u>827,253</u>
19.4 Ordinary shares of the Company held by the related parties as at March 31,				
Atlas Insurance Limited				2,931,728 2,345,383
Honda Motor Company Limited, Japan				36,192,315 28,953,852
Shirazi Investments (Private) Limited				25,265,858 20,212,687
Shirazi Capital (Private) Limited				25,359,715 20,287,772
Shirazi (Private) Limited				3,595,120 -
				<u>93,344,736</u> <u>71,799,694</u>
				2014 2013
	----- Number of shares -----			
				Re-stated
				2013
				----- (Rupees in '000) -----
20. Reserves				
Capital reserves				
Share premium				39,953 39,953
Gain on sale of land				165 165
				<u>40,118</u> <u>40,118</u>
Revenue reserves				
General reserve:				
- at April 1,				4,072,000 3,442,000
- transferred from unappropriated profit				630,000 630,000
- at March 31,				4,702,000 4,072,000
Unappropriated profit				2,137,129 1,589,806
				<u>6,839,129</u> <u>5,661,806</u>
				<u>6,879,247</u> <u>5,701,924</u>

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
21. Compensated Absences			
Balance as at April 1,		170,248	153,878
Provision for the year		29,955	34,485
		<u>200,203</u>	<u>188,363</u>
Encashed during the year		(8,161)	(18,115)
Balance as at March 31,		<u>192,042</u>	<u>170,248</u>
		2014	Re-stated 2013
		----- (Rupees in '000) -----	----- (Rupees in '000) -----
22. Deferred Taxation - Net			
The liability for deferred tax comprises of temporary differences relating to:			
Taxable temporary difference			
Accelerated tax depreciation and amortization		761,600	797,252
Deductible temporary differences			
Provision for slow moving inventories		28,677	24,723
Compensated absences		64,153	58,219
Staff retirement benefit - gratuity		20,625	24,172
Warranty obligations		10,587	9,512
		<u>124,042</u>	<u>116,626</u>
		<u>637,558</u>	<u>680,626</u>
23. Trade and Other Payables			
Creditors		2,947,253	2,173,387
Accrued liabilities	23.1	993,543	679,023
Royalty payable	23.2	641,908	613,886
Warranty obligations	23.3	31,692	27,812
Advances from customers	23.4	628,768	613,684
Retention money		10,404	6,311
Sales tax payable		4,037	237,575
Workers' profit participation fund	23.5	144,583	118,931
Workers' welfare fund	23.6	64,476	53,687
Payable to staff retirement benefit funds - gratuity	23.7	61,742	70,687
Unclaimed dividends		29,972	23,690
Others	23.8	19,316	15,714
		<u>5,577,694</u>	<u>4,634,387</u>
23.1	Includes Rs.6,681 thousand (2013: Rs.7,089 thousand) due to Honda Motor Company Limited, Japan - a related party.		
23.2	Royalty payable includes Rs.550,336 thousand (2013: Rs.512,960 thousand) due to Honda Motor Company Limited, Japan - a related party.		
23.3 Warranty obligations			
Balance as at April 1,		27,812	20,657
Provision for the year		14,826	15,966
		<u>42,638</u>	<u>36,623</u>
Payments made / provision reversed during the year		(10,946)	(8,811)
Balance as at March 31,		<u>31,692</u>	<u>27,812</u>

23.4 These represent advances from customers against sale of motorcycles and parts and carry no mark-up.

	Note	2014 ----- (Rupees in '000) -----	2013 -----
23.5 Workers' profit participation fund (the fund)			
Balance as at April 1,		118,931	87,135
Allocation for the year	31	144,407	118,558
Interest on funds utilized in the Company's business	32	176	373
		<u>263,514</u>	<u>206,066</u>
Paid to trustees of the fund		(118,931)	(87,135)
Balance as at March 31,		<u>144,583</u>	<u>118,931</u>
23.6 Workers' welfare fund			
Balance as at April 1,		53,687	32,967
Charge for the year		54,886	45,052
Adjustment for prior year		(567)	-
	31	<u>54,319</u>	<u>45,052</u>
		<u>108,006</u>	<u>78,019</u>
Payment made during the year		(43,530)	(24,332)
Balance as at March 31,		<u>64,476</u>	<u>53,687</u>

23.7 Staff retirement benefit - gratuity

23.7.1 As stated in note 4.13.2, the Company has established two separate funded gratuity schemes for its management and non management staff. Actuarial valuation of these schemes is carried out every year and the latest actuarial valuation was carried out as at March 31, 2014. Details of the funds as per the latest actuarial valuation are as follows:

Management		Non-management		Total	
2014	Re-stated 2013	2014	Re-stated 2013	2014	Re-stated 2013
----- (Rupees in '000) -----					

23.7.2 Balance sheet reconciliation

Present value of defined benefit obligation	271,797	250,053	33,526	31,515	305,323	281,568
Fair value of plan assets	(202,433)	(158,866)	(58,667)	(54,066)	(261,100)	(212,932)
Payable to related parties in respect of transferees	17,519	2,051	-	-	17,519	2,051
Net liability / (asset) as at March 31,	<u>86,883</u>	<u>93,238</u>	<u>(25,141)</u>	<u>(22,551)</u>	<u>61,742</u>	<u>70,687</u>

23.7.3 Movement in the present value of defined benefit obligation

Balance as at April 1,	250,053	235,852	31,515	28,619	281,568	264,471
Current service cost	12,664	12,092	1,056	1,029	13,720	13,121
Interest cost	28,516	28,608	3,770	3,706	32,286	32,314
Benefits paid	(4,520)	(26,548)	(982)	(775)	(5,502)	(27,323)
Remeasurement on obligation	552	3,206	(1,833)	(1,064)	(1,281)	2,142
Payable to related parties in respect of transferees	(15,468)	(3,157)	-	-	(15,468)	(3,157)
Balance as at March 31,	<u>271,797</u>	<u>250,053</u>	<u>33,526</u>	<u>31,515</u>	<u>305,323</u>	<u>281,568</u>

	Management		Non-management		Total	
	2014	Re-stated 2013	2014	Re-stated 2013	2014	Re-stated 2013
----- (Rupees in '000) -----						
23.7.4 Movement in the fair value of plan assets						
Balance as at April 1,	158,866	150,630	54,066	44,807	212,932	195,437
Interest income	17,728	18,159	6,323	5,607	24,051	23,766
Contributions	26,371	26,191	-	-	26,371	26,191
Benefits paid	(4,520)	(26,548)	(982)	(775)	(5,502)	(27,323)
Remeasurement on plan assets	3,988	(1,772)	(740)	4,427	3,248	2,655
Payable to related parties in respect of transferees	-	(7,794)	-	-	-	(7,794)
Balance as at March 31,	202,433	158,866	58,667	54,066	261,100	212,932
23.7.5 Expense recognized in profit and loss account						
Current service cost	12,664	12,092	1,056	1,029	13,720	13,121
Net interest cost / (income)	10,788	10,449	(2,553)	(1,901)	8,235	8,548
	23,452	22,541	(1,497)	(872)	21,955	21,669
23.7.6 Remeasurement recognized in other comprehensive income						
Loss / (gain) from change in:						
- demographic assumptions	1,021	-	(4)	-	1,017	-
- financial assumptions	1,051	(1,283)	127	(243)	1,178	(1,526)
Experience (gain) / loss	(1,520)	4,489	(1,956)	(821)	(3,476)	3,668
Remeasurement of defined benefit obligation	552	3,206	(1,833)	(1,064)	(1,281)	2,142
(Gain) / loss on remeasurement of plan assets	(3,988)	1,772	740	(4,427)	(3,248)	(2,655)
Net remeasurement (gain) / loss	(3,436)	4,978	(1,093)	(5,491)	(4,529)	(513)
23.7.7 Net recognized liability						
Net liability / (asset) at beginning of the year	93,238	91,910	(22,551)	(16,188)	70,687	75,722
Expense / (income) for the year	23,452	22,541	(1,497)	(872)	21,955	21,669
Contributions made during the year	(26,371)	(26,191)	-	-	(26,371)	(26,191)
Remeasurement recognized in other comprehensive income	(3,436)	4,978	(1,093)	(5,491)	(4,529)	(513)
Recognized liability as at March 31,	86,883	93,238	(25,141)	(22,551)	61,742	70,687
23.7.8 Actual return on planned assets	21,717	18,968	4,819	8,045	26,536	27,013
23.7.9 Composition of plan assets						
Fixed income instruments	92,085	10,631	27,960	35,211	120,045	45,842
Mutual fund securities - units	109,832	147,903	30,041	18,688	139,873	166,591
Others	516	332	666	167	1,182	499
	202,433	158,866	58,667	54,066	261,100	212,932

23.7.10 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

23.7.11 Expected charge and income to management and non management gratuity plans for the year ending March 31, 2015 are Rs.26,765 thousand and Rs.2,364 thousand respectively.

Management		Non management	
2014	2013	2014	2013
----- % per annum -----			

23.7.12 Actuarial assumptions used

Discount rate	12.75	12.00	12.75	12.00
Expected rate of increase in future salaries	11.75	11.00	11.75	11.00
Expected rate of return on plan assets	12.75	12.00	12.75	12.00
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	LIC (1975-79)	SLIC (2001-05)	LIC (1975-79)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

23.7.13 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 1 percent.

	Increase in assumptions ----- (Rupees in '000) -----	Decrease in assumptions ----- (Rupees in '000) -----
Discount rate	284,192	329,475
Increase in future salaries	330,946	282,561
Withdrawal rates : light	303,956	
Withdrawal rates : high	304,425	

23.7.14 The weighted average duration of defined benefit obligation for management and non management funds is 8.23 years and 7.22 years respectively.

23.7.15 Expected maturity analysis of undiscounted retirement benefit plans

Time in years	Management staff	Non management staff			
	----- (Rupees in '000) -----				
1	31,666	2,222			
2	20,633	3,651			
3	38,237	3,014			
4	33,358	4,944			
5	35,224	2,028			
6 - 10	246,434	36,267			
11 - 15	359,661	53,928			
16 - 20	358,277	15,766			
20+	2,683,125	14,911			
	2014	2013	2012	2011	2010
	----- Rupees in '000 -----				

23.7.16 Comparison of five years

Present value of defined benefit obligation	305,323	281,568	264,471	224,050	190,249
Fair value of plan assets	261,100	212,932	195,437	152,551	129,080
Deficit provided in the financial statements	44,223	68,636	69,034	71,499	61,169

23.8 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.10,991 thousand (2013: Rs.8,750 thousand).

24. Short Term Borrowings - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.2,865,000 thousand (2013: Rs.2,865,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to extent of Rs.4,058,000 thousand (2013: Rs.4,058,000 thousand). The rates of mark-up of these facilities during the year ranged from 9.51% to 11.31% (2013: 9.94% to 13.05%) per annum. These facilities are expiring on various dates by December 31, 2014.

Foreign currency finance and export re-finance facilities aggregating Rs.400,000 thousand (2013: Rs.400,000 thousand) are also available to the Company from various commercial banks.

The facilities for opening letters of credit as at March 31, 2014 aggregated to Rs.3,560,000 thousand (2013: Rs.3,560,000 thousand) of which the amount remained unutilized at year end was Rs.2,710,709 thousand (2013: Rs.2,210,917 thousand). These finance facilities are also secured against pari passu joint hypothecation charge on stocks-in-trade and trade debts of the Company.

25. Contingencies and Commitments

25.1 Contingencies

25.1.1 Various cases have been filed against the Company by some former employees for reinstatement of service and are pending in different courts of Pakistan. The management is confident that outcome of these cases will be in favour of the Company and hence no provision is made in these financial statements.

25.1.2 Guarantees aggregating to Rs.165,735 thousand (2013: Rs.118,315 thousand) have been issued by commercial banks to Collector of Customs and other Government Institutions for import of raw materials and spare parts as part of normal operations.

25.2 Commitments

25.2.1 Commitments outstanding for letters of credit relating to capital expenditure, raw materials and components as at March 31, 2014 aggregated to Rs.849,291 thousand (2013: Rs.1,349,083 thousand).

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at March 31, 2014 aggregated to Rs.81,623 thousand (2013: Rs.91,220 thousand).

25.2.3 The Company has entered into Ijarah arrangements for electric & gas fittings and vehicles with various banks. Aggregate commitments for these Ijarah arrangements as at March 31, are as follows:

	Note	2014 ----- (Rupees in '000) -----	2013
Not later than 1 year		20,856	119,172
Over 1 year and no later than 5 years		30,976	43,626
		51,832	162,798

26. Sales - Net

Gross sales of motorcycles and spare parts:

- local		51,494,856	48,660,617
- export		346,210	505,685
		51,841,066	49,166,302
Less:			
- trade discount and commission		159,746	129,180
- sales tax		7,202,607	6,711,880
		7,362,353	6,841,060
		44,478,713	42,325,242

2014
----- (Rupees in '000) -----
Re-stated
2013

27. Cost of Sales

Opening stock of finished goods		250,247	264,073
Cost of goods manufactured	27.1	38,056,043	36,662,231
Purchases during the year		2,258,714	1,968,472
		40,314,757	38,630,703
Closing stock of finished goods		(311,075)	(250,247)
		40,253,929	38,644,529

	Note	2014 ----- (Rupees in '000) -----	Re-stated 2013
27.1 Cost of goods manufactured			
Opening stock of work-in-process		6,587	11,113
Raw materials and components consumed	27.2	31,675,856	30,661,228
Direct labour	27.3	701,349	639,342
Technical directors' remuneration		1,970	1,888
Staff salaries, wages and other benefits	27.3	805,627	752,407
Stores consumed		618,199	561,517
Fuel and power		738,531	622,853
Insurance		79,034	73,959
Rent, rates and taxes		50,062	45,578
ljarah rentals		63,325	67,050
Repair and maintenance		259,995	217,094
Royalty		2,190,704	2,179,846
Technical assistance fee		29,973	29,984
Traveling, conveyance and entertainment		48,328	40,877
Postage and telephone		7,438	7,299
Printing and stationery		8,577	9,569
Vehicle running expenses		29,052	24,533
Depreciation	6.2	597,238	585,874
Canteen		79,611	77,400
Newspapers, magazines and subscriptions		2,785	3,983
Amortization of intangible assets	7	4,013	2,338
Provision for slow moving inventories	11.2	13,548	13,026
Staff training		7,055	-
Marking fee		41,360	39,596
Other manufacturing expenses		375	464
		<u>38,060,592</u>	<u>36,668,818</u>
Closing stock of work-in-process		(4,549)	(6,587)
		<u>38,056,043</u>	<u>36,662,231</u>
		2014	2013
		----- (Rupees in '000) -----	

27.2 Raw materials and components consumed

Opening stock		1,752,565	1,706,831
Purchases during the year	27.4	31,533,045	30,706,962
		<u>33,285,610</u>	<u>32,413,793</u>
Closing stock		(1,609,754)	(1,752,565)
		<u>31,675,856</u>	<u>30,661,228</u>

27.3 Direct labour and staff salaries, wages & other benefits include Rs.57,354 thousand (2013: Rs.57,161 thousand) in respect of staff retirement benefits.

27.4 Purchases include government rebates netted-off aggregating Rs.57,350 thousand (2013: Rs.24,723 thousand).

	Note	2014 ----- (Rupees in '000) -----	Re-stated 2013
28. Sales and Marketing Expenses			
Directors' remuneration		25,889	37,619
Staff salaries and other benefits	28.1	242,907	206,922
Traveling, conveyance and entertainment		76,628	67,686
Vehicle running expenses		17,905	17,997
Rent, rates and taxes		32,418	29,777
Advertisement and sales promotion		431,434	409,970
Repairs and maintenance		8,312	6,498
Gas and electricity		9,637	8,476
Freight outward		361,889	336,172
Printing and stationery		2,777	3,156
Postage and telephone		15,610	14,297
First free service charges		54,803	54,656
Insurance		9,670	8,427
Newspapers, magazines and subscriptions		3,511	4,084
Others		548	381
		<u>1,293,938</u>	<u>1,206,118</u>

28.1 Staff salaries and other benefits include Rs.22,589 thousand (2013: Rs.19,886 thousand) in respect of staff retirement benefits.

	Note	2014 ----- (Rupees in '000) -----	Re-stated 2013
29. Administrative Expenses			
Directors' remuneration		21,665	20,853
Directors' meeting fee		80	80
Staff salaries and other benefits	29.1	237,143	222,214
Traveling, conveyance and entertainment		14,256	14,768
Rent, rates and taxes		10,204	10,019
Insurance		5,971	5,287
Repairs and maintenance		13,691	10,180
Legal and professional charges		12,357	7,475
Gas and electricity		2,141	2,109
Newspapers, magazines, fees and subscriptions		5,823	3,216
Postage and telephone		2,425	2,840
Printing and stationery		13,351	12,207
Vehicle running expenses		12,354	12,219
Staff training		17,881	11,666
Depreciation	6.2	38,032	35,248
Donation	29.2	22,076	16,280
Others		604	263
		<u>430,054</u>	<u>386,924</u>

29.1 Staff salaries and other benefits include Rs.18,446 thousand (2013: Rs.19,906 thousand) in respect of staff retirement benefits.

29.2 Donation of Rs.22,076 thousand (2013: Rs.16,200 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman and Mr. Saquib H. Shirazi, Chief Executive Officer of the Company are trustees of the Foundation.

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
30. Other Income			
Income from financial assets			
Mark-up / interest on savings accounts and term deposit receipts	30.1	181,900	115,882
Gain on sale of investments		16,724	13,118
Net change in fair value of investments at fair value through profit or loss		142,237	49,999
Exchange gain - net		-	2,276
		<u>340,861</u>	<u>181,275</u>
Income from investments in related parties			
Net change in fair value of investments at fair value through profit or loss		43,491	75,628
Gain on sale of investments		4,077	8,734
		<u>47,568</u>	<u>84,362</u>
Income from assets other than financial assets			
Commission income		7,840	14,838
Scrap sales		20,900	38,532
Others		3,482	3,661
		<u>32,222</u>	<u>57,031</u>
		<u>420,651</u>	<u>322,668</u>

30.1 Mark-up / interest at the rates ranging from 7.75% to 10.15% (2013: 7.50% to 12.15%) per annum has been earned during the year on savings accounts and term deposit receipts.

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
31. Other Operating Expenses			
Workers' profit participation fund	23.5	144,407	118,558
Workers' welfare fund	23.6	54,319	45,052
Auditors' remuneration	31.1	2,040	2,022
Exchange loss - net		134	-
Loss on disposal of operating fixed assets	6.3	23,089	24,413
Operating fixed assets written off		-	408
		<u>223,989</u>	<u>190,453</u>
31.1 Auditors' remuneration			
Audit fee		1,000	1,000
Half yearly review		212	212
Review of Code of Corporate Governance		91	91
Audits of retirement funds and workers' profit participation fund		202	202
Certifications for payment of royalty, technical fee and dividend		438	438
Out of pocket expenses		97	79
		<u>2,040</u>	<u>2,022</u>
32. Finance Cost			
Mark-up / interest on short term borrowings		300	857
Interest on workers' profit participation fund	23.5	176	373
Bank charges		7,560	8,496
		<u>8,036</u>	<u>9,726</u>

	2014 ----- (Rupees in '000) -----	Re-stated 2013
33. Taxation		
Current tax		
Current tax on profit for the year	775,761	501,853
Adjustments in respect of prior years	(43,322)	(22,390)
	<u>732,439</u>	<u>479,463</u>
Deferred tax		
Origination and reversal of temporary differences	(25,026)	121,180
Impact of change in tax rate	(19,555)	-
	<u>(44,581)</u>	<u>121,180</u>
	<u>687,858</u>	<u>600,643</u>

33.1 The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2014 ----- (Rupees in '000) -----	Re-stated 2013
Profit before taxation	<u>2,689,418</u>	<u>2,210,160</u>
Tax at the applicable rate of 34% (2013: 35%)	914,402	773,556
Tax effect of:		
- expenses not deductible for tax purposes	272,388	283,873
- expenses deductible for tax purposes but not taken to profit and loss account	(242,501)	(356,205)
- income exempt from tax / income subject to final tax regime / tax credits	(168,528)	(199,371)
	<u>(138,641)</u>	<u>(271,703)</u>
Adjustments in respect of prior years	(43,322)	(22,390)
Deferred taxation	(44,581)	121,180
	<u>687,858</u>	<u>600,643</u>

34. Earnings Per Share

34.1 Basic earnings per share

Earnings per share is calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

	2014 ----- (Rupees in '000) -----	Re-stated 2013
Net profit for the year	<u>2,001,560</u>	<u>1,609,517</u>
	----- (Number of shares) -----	
Weighted average ordinary shares in issue	<u>103,406,613</u>	<u>103,406,613</u>
	----- (Rupees) -----	
Earnings per share	<u>19.36</u>	<u>15.56</u>

34.1.1 Corresponding figures of weighted average number of shares and earnings per share have been restated to include the effect of bonus shares issued by the Company during the year.

34.2 Diluted earnings per share

No figures for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2014 ----- (Rupees in '000) -----	Re-stated 2013
35. Cash Generated from Operations			
Profit before taxation		2,689,418	2,210,160
Add / (less): Adjustments for non cash charges and other items			
Depreciation		635,270	621,122
Amortization of intangible assets		4,013	2,338
Provision for compensated absences		29,955	34,485
Provision for gratuity		21,955	21,669
Provision for slow moving inventories		13,548	13,026
Mark-up / interest on savings accounts and term deposit receipts		(181,900)	(115,882)
Gain on sale of investments		(20,801)	(21,852)
Net change in fair value of investments at fair value through profit or loss		(185,728)	(125,627)
Workers' profit participation fund		144,583	118,931
Workers' welfare fund		54,319	45,052
Loss on disposal of operating fixed assets		23,089	24,413
Operating fixed assets written off		-	408
Mark-up / interest on short term borrowings		300	857
Working capital changes	35.1	1,005,789	(253,087)
		<u>4,233,810</u>	<u>2,576,013</u>
		2014	2013
		----- (Rupees in '000) -----	
35.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(15,138)	(41,611)
- Stock-in-trade		120,350	(23,234)
- Trade debts		(5,579)	83,523
- Loans and advances		(2,052)	(101)
- Trade deposits and prepayments		(2,957)	(2,890)
- Other receivables		1,636	9,036
		<u>96,260</u>	<u>24,723</u>
Increase / (decrease) in current liabilities:			
- Trade and other payables		909,529	(277,810)
		<u>1,005,789</u>	<u>(253,087)</u>
35.2 Cash flows from operating activities - Direct method			
Receipts from customers		44,489,051	42,433,272
Mark-up / interest received		182,373	108,627
Payments to trade suppliers, service providers and employees		(40,257,287)	(39,855,093)
Mark-up / interest paid		(300)	(857)
Income tax paid		(685,278)	(321,436)
Contributions made to gratuity funds		(26,371)	(26,191)
Compensated absences paid		(8,161)	(18,115)
Workers' profit participation fund paid		(118,931)	(87,135)
Workers' welfare fund paid		(43,530)	(24,332)
		<u>3,531,566</u>	<u>2,208,740</u>

36. Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amounts charged in the financial statements of the year for remuneration, including certain benefits, to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	----- (Rupees in '000) -----					
Managerial remuneration	13,634	12,260	12,320	19,265	240,746	201,774
Rent and utilities	6,446	5,911	4,950	8,311	115,092	96,280
Bonus	4,110	4,670	4,463	6,499	75,127	74,552
Retirement benefits	1,289	1,182	990	1,297	21,145	18,086
Medical and other reimbursable expenses	410	218	912	747	11,017	9,315
	<u>25,889</u>	<u>24,241</u>	<u>23,635</u>	<u>36,119</u>	<u>463,127</u>	<u>400,007</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>4</u>	<u>219</u>	<u>191</u>

36.1 The Chief Executive Officer, three Directors and two ex-patriate executives are provided with free use of Company maintained cars and telephones at residences. Two Directors and two ex-patriate executives are also provided with furnished accommodation.

36.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fees to two Non-Executive Directors (2013: three Non-Executive Directors) was Rs.80 thousand (2013: Rs.80 thousand).

37. Transactions with Related Parties

The related parties comprise of Associated Companies, staff retirement funds, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2014	2013
		--- Rupees in '000 ---	
(i) Associates	Sales of:		
	- goods and services	316,944	232,091
	- operating fixed assets	2,245	9,243
	Purchases of:		
	- goods and services	5,646,554	4,946,662
	- operating fixed assets	37,814	19,354
	- intangible assets	3,239	-
	Sale of units in mutual funds	554,605	200,000
	Purchase of units in mutual funds	2,404,605	325,000
	Royalty	2,073,572	1,981,512
	Export commission	3,670	10,200
	Technical assistance fee	14,894	8,121
	Commission income	7,840	14,838
	Rent	75,786	69,402
	Insurance premium paid	203,018	208,790
	Insurance claims received	16,755	20,991
	Reimbursement of expenses - net	2,540	478
Dividend paid	560,069	405,824	
Donation paid	22,076	16,200	
		--- Number of shares ---	
	Bonus shares issued	18,668,946	9,365,176
		--- Rupees in '000 ---	
(ii) Staff retirement funds	Contributions paid to:		
	- gratuity funds	26,371	26,191
	- provident funds / pension schemes	46,479	40,799
(iii) Key management personnel	Salaries and other short term employment benefits	97,055	91,214

The related party status of outstanding balances as at March 31, 2014 is included in 'Capital work-in-progress - note 6.4' and 'Trade and other payables - note 23' respectively. These are settled in ordinary course of business.

38. Financial Risk Management

38.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk (including currency risk, interest rate risk and other price risk);
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

This exist due to the foreign currency transactions such as import of raw materials, stores, spares, plant & machinery and export of motorcycles and spare parts. The Company's exposure to foreign currency risk at the balance sheet date is as follows:

	2014		2013	
	Japanese Yen	US Dollar	Japanese Yen	US Dollar
	------(Amounts in '000)-----			
Trade debts	-	76	-	206
Trade and other payables	(578,800)	(98)	(497,205)	(118)
Net balance sheet exposure	<u>(578,800)</u>	<u>(22)</u>	<u>(497,205)</u>	<u>88</u>

The following significant exchange rates have been applied:

	2014	2013	2014	2013
	Average rate		Balance sheet date rate	
	------(Rupees)-----			
Japanese Yen to Pakistani Rupee	1.03	1.15	0.96	1.04
U.S. Dollar to Pakistani Rupee	103.26	95.72	98.70	98.30

As at March 31, 2014, if the Pakistani Rupee had strengthened / weakened by 5% against Japanese Yen and U.S. Dollar with all other variables held constant, profit before taxation for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of foreign denominated financial assets and liabilities:

	2014	2013
	--- Rupees in '000 ---	
Effect on profit before taxation for the year:		
Japanese Yen to Pakistani Rupee	27,782	25,969
U.S. Dollar to Pakistani Rupee	109	(433)
	<u>27,891</u>	<u>25,536</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company's interest rate risk arises from balances with banks in savings deposit accounts and term deposit receipts. Deposits in bank savings accounts held at variable interest rate expose the Company to cash flow interest rate risk and term deposit receipts issued by the banks at fixed interest rates give rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a suitable mix of deposits. As at March 31, 2014, the Company's interest bearing financial assets amounted to Rs.2,634,784 thousand (2013: Rs.2,186,733 thousand).

As at March 31, 2014, if the interest rate on the Company's deposits had been higher / lower by 1% with all other variables held constant, profit before taxation for the year would have been higher / (lower) by Rs.10,348 thousand (2013: Rs.11,867 thousand) mainly as a result of higher / (lower) interest income.

Other price risk

Other price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market.

The Company's investments in mutual fund securities amounting to Rs.3,691,241 thousand (2013: Rs.1,635,183 thousand) are exposed to price risk due to changes in Net Asset Value (NAV) of mutual funds.

As at March 31, 2014, if fair value (NAV) had been 5% higher / lower with all other variables held constant profit before taxation for the year would have higher / (lower) by Rs.184,562 thousand (2013: Rs.81,759 thousand).

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / investments of the Company.

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the balance sheet date if counter parties failed completely to perform as contracted. Credit risk mainly arises from loans and advances, trade deposits, trade debts, investments, accrued mark-up / interest, other receivables and bank balances.

The carrying amounts of financial assets represent the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.7,137,218 thousand (2013: Rs.4,965,806 thousand) as at March 31, 2014. Out of the total financial assets, credit risk is concentrated in trade debts, investments in mutual fund securities and deposits with banks as they constitute 99% (2013: 98%) of the total financial assets.

Significant part of sales of the Company occurs against advance payments, therefore, trade debts mainly arise from exports and local sales made to Government and Defence Institutions. The Company believes that it is not exposed to any specific credit risk in respect of those trade debts.

The credit risk on liquid funds maintained with banks and investments in mutual fund securities is limited as such banks and funds enjoy reasonably high credit rating. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2014	2013
	--- Rupees in '000 ---	
Long term loans and advances	26,396	25,583
Long term deposits	9,632	8,399
Trade debts	520,321	514,742
Loans and advances	31,105	27,306
Trade deposits	3,034	2,373
Short term investments	3,691,241	1,635,183
Accrued mark-up / interest	11,130	11,603
Other receivables	621	629
Bank balances	2,843,738	2,739,988
	7,137,218	4,965,806

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2014	2013
	--- Rupees in '000 ---	
Pakistan	512,802	494,533
Bangladesh	7,519	20,209
	520,321	514,742

The maximum exposure to credit risk for trade debts by type of counter party as at balance sheet date is as follows:

	2014	2013
	--- Rupees in '000 ---	
Government departments	97,530	29,104
Defence institutions	371,131	423,803
Others (including exports)	51,660	61,835
	520,321	514,742

The credit quality of financial instruments can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. The credit quality of Company's bank balances and short term investments can be assessed with reference to the external credit ratings as follows:

Banks	Rating		Rating agency
	Short term	Long term	
Allied Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Bank Alfalah Limited	A1+	AA	PACRA
Barclays Bank PLC, Pakistan	A-1	A	S&P
Deutsche Bank AG	A-1	A	S&P
Faysal Bank Limited	A1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Meezan Bank Limited	A-1+	AA	JCR-VIS
National Bank of Pakistan	A-1+	AAA	JCR-VIS
NIB Bank Limited	A1+	AA-	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
The Bank of Tokyo - Mitsubishi UFJ, Limited	A-1	A+	S&P
United Bank Limited	A-1+	AA+	JCR-VIS
Bankislami Pakistan Limited	A1	A	PACRA
Mutual Funds		Rating	Agency
Atlas Income Fund		A+(f)	PACRA
Atlas Islamic Income Fund		AA-(f)	PACRA
Atlas Money Market Fund		AA(f)	PACRA
Lakson Money Market Fund		AA(f)	PACRA
Lakson Income Fund		A+(f)	PACRA
NIT Government Bond Fund		AA(f)	PACRA
NIT Income Fund		A+(f)	PACRA
HBL Money Market Fund		AM2	JCR-VIS

(c) Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. As at March 31, 2014, there is no maturity mismatch between financial assets and liabilities that exposes the Company to liquidity risk.

38.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company is equity based with no financing through long term or short term borrowings.

There was no change in the Company's approach to capital management during the year.

Loans and receivables		Financial assets at fair value through profit or loss	
2014	2013	2014	2013

----- Rupees in '000 -----

38.3 Financial instruments by category

Financial assets as per balance sheet

Long term loans and advances	26,396	25,583	-	-
Long term deposits	9,632	8,399	-	-
Trade debts	520,321	514,742	-	-
Loans and advances	31,105	27,306	-	-
Trade deposits	3,034	2,373	-	-
Short term investments	-	-	3,691,241	1,635,183
Accrued mark-up / interest	11,130	11,603	-	-
Other receivables	621	629	-	-
Bank balances	2,843,738	2,739,988	-	-
	<u>3,445,977</u>	<u>3,330,623</u>	<u>3,691,241</u>	<u>1,635,183</u>

Financial liabilities measured at amortised cost

2014 Re-stated 2013

--- Rupees in '000 ---

Financial liabilities as per balance sheet

Trade and other payables	4,735,830	3,610,510
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38.4 Fair value estimation

The table below analyzes 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].

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.3,691,241 thousand (2013: Rs.1,635,183 thousand). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair value.

39. Information about Company's Products

39.1 The Company markets and sells motorcycles and spare parts. Breakdown of net revenues for both the products of the Company is as follows:

	2014	2013
	--- Rupees in '000 ---	
Motorcycles	41,310,283	39,522,971
Spare parts	3,168,430	2,802,271
	<u>44,478,713</u>	<u>42,325,242</u>

39.2 Export sales are made to Sri Lanka, Afghanistan and Bangladesh. Result of the Company's revenue from external customers in Pakistan is Rs.44,136,173 thousand (2013: Rs.41,829,758 thousand) and total revenue from external customers from other countries is Rs.342,540 thousand (2013: Rs.495,484 thousand).

39.3 All the non current assets of the Company are located in Pakistan.

39.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

40. Plant Capacity

The production capacity of the plant cannot be determined as this depends upon relative proportion of various types of motorcycles and motorcycle components produced.

41. Number of Employees

The number of employees as at March 31, 2014 were 1,590 (2013: 1,485). Average number of employees during the year were 1,538 (2013: 1,453).

42. Provident Fund Related Disclosure

The following information is based on un audited financial statements of the Fund for the year ended March 31, 2014:

	2014 --- Rupees in '000 ---	2013
Size of the fund - total assets	847,710	737,457
Fair value of investments	825,148	715,590
Percentage of investments made	97.34%	97.03%

42.1 The cost of above investments amounted to Rs.742,292 thousand (2013: Rs.640,306 thousand).

42.2 The break up of fair value of investments is as follow:

	2014 --- Percentage ---	2013	2014 --- Rupees in '000 ---	2013
Special accounts in schedule banks	1.07	1.80	9,040	13,294
Debt securities	11.00	15.10	93,265	111,324
Government securities	53.44	55.98	453,037	412,806
Mutual fund securities - units	31.83	24.16	269,806	178,166

42.3 The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

43. Non Adjusting Event after the Balance Sheet Date

The Board of Directors, in its meeting held on April 30, 2014, (i) approved the transfer of Rs.630,000 thousand (2013: Rs.630,000 thousand) from unappropriated profit to general reserve and (ii) proposed a final cash dividend of Rs.10.00 (2013: Rs.7.50) per share amounting to Rs.1,034,066 thousand (2013: Rs.620,440 thousand) for the year ended March 31, 2014. Previously for the year ended March 31, 2013, the Board of Directors had also approved the issue of bonus shares at the rate of 25%, that is 1 bonus share for every 4 shares held, amounting to Rs.206,813 thousand.

These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in year ending March 31, 2015.

44. Date of Authorization for Issue


These financial statements were authorized for issue on April 30, 2014 by the Board of Directors of the Company.

45. Corresponding Figures

Prior year's figures have been restated consequent to the retrospective application of IAS 19 (Revised), as more fully explained in note 5. Other corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer

Pattern of Shareholding As at March 31, 2014

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, Undertakings and Related Parties			
Atlas Insurance Limited	1	2,931,728	2.84%
Honda Motor Company Limited, Japan	1	36,192,315	35.00%
Shirazi Investments (Pvt.) Limited	1	25,265,858	24.43%
Shirazi Capital (Pvt.) Limited	1	25,359,715	24.52%
Shirazi (Pvt.) Limited	1	3,595,120	3.48%
	5	93,344,736	90.27%
NIT and ICP			
National Bank of Pakistan Trustee Department	1	303,988	0.29%
IDBP (ICP Unit)	1	2,164	0.00%
	2	306,152	0.30%
Directors, CEO and their Spouses, Minor Children and Associates			
Mr. Yusuf H. Shirazi & Associates	3	3	0.00%
Mr. Saquib H. Shirazi (CEO)	1	1	0.00%
Mr. Sanaullah Qureshi	1	400	0.00%
Mr. Abid Naqvi	1	2,501	0.00%
Mr. Tariq Amin	1	1,001	0.00%
Mr. Hiromitsu Takasaki	1	1	0.00%
Mr. Hisao Kobayashi	1	1	0.00%
Mr. Kazuhisa Hirota	1	1	0.00%
	10	3,909	0.00%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	3	185,951	0.18%
Individuals	1,373	9,370,126	9.06%
Others	30	195,739	0.19%
Total	1,423	103,406,613	100.00%

Shareholders Holding 10% or More Voting Interest

Honda Motor Company Limited, Japan	36,192,315	35.00%
Shirazi Investments (Pvt.) Limited	25,265,858	24.43%
Shirazi Capital (Pvt.) Limited	25,359,715	24.52%

Details of Trading in the Shares of the Company by Directors, their Spouses and Minor children

Name	Number of Shares Purchased
Mr. Abid Naqvi	2,501
Mr. Tariq Muhammad Amin	1,001
Mr. Hiromitsu Takasaki	1
Mr. Hisao Kobayashi	1

Pattern of Shareholding As at March 31, 2014

Number of Shareholders	Shareholdings				Total Shares Held
410	From	1	To	100	12,387
309	From	101	To	500	80,681
143	From	501	To	1,000	105,693
315	From	1,001	To	5,000	737,712
95	From	5,001	To	10,000	702,703
49	From	10,001	To	15,000	595,974
23	From	15,001	To	20,000	408,821
10	From	20,001	To	25,000	220,137
10	From	25,001	To	30,000	266,886
6	From	30,001	To	35,000	191,833
4	From	35,001	To	40,000	154,599
5	From	40,001	To	45,000	216,602
6	From	45,001	To	50,000	277,587
1	From	55,001	To	60,000	55,126
1	From	65,001	To	70,000	66,601
2	From	70,001	To	75,000	146,152
2	From	75,001	To	80,000	155,503
2	From	80,001	To	85,000	163,893
1	From	85,001	To	90,000	87,671
1	From	90,001	To	95,000	91,071
2	From	95,001	To	100,000	195,751
2	From	110,001	To	115,000	227,696
1	From	115,001	To	120,000	118,480
3	From	120,001	To	125,000	366,216
1	From	125,001	To	130,000	128,936
1	From	145,001	To	150,000	145,151
1	From	150,001	To	155,000	151,715
1	From	155,001	To	160,000	156,961
1	From	160,001	To	165,000	162,011
1	From	175,001	To	180,000	176,841
1	From	215,001	To	220,000	218,625
1	From	225,001	To	230,000	227,627
2	From	245,001	To	250,000	490,956
1	From	300,001	To	305,000	303,988
1	From	330,001	To	335,000	330,750
1	From	400,001	To	405,000	402,800
1	From	490,001	To	495,000	491,833
1	From	1,025,001	To	1,030,000	1,027,908
1	From	2,930,001	To	2,935,000	2,931,728
1	From	3,595,001	To	3,600,000	3,595,120
1	From	25,265,001	To	25,270,000	25,265,858
1	From	25,355,001	To	25,360,000	25,359,715
1	From	36,190,001	To	36,195,000	36,192,315
1,423					103,406,613

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Pattern of Shareholding As at March 31, 2014

Shareholders' Category	Number of Shareholders	Number of Shares held	Percentage
Directors, CEO, their spouses, minor children and associates	10	3,909	0.00%
* Associated companies, undertakings and related parties	5	93,344,736	90.27%
NIT and ICP	2	306,152	0.30%
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	3	185,951	0.18%
General Public			
Local	1,373	9,370,126	9.06%
Foreign	-	-	-
Others			
Securities & Exchange Commission of Pakistan	1	1	0.00%
Joint Stock Companies	27	194,766	0.19%
Cooperative Society	1	971	0.00%
Trustee of Iftikhar Shirazi Family Trust	1	1	0.00%
	1,423	103,406,613	100.00%

* Note: Includes the following associated companies:

Atlas Insurance Limited: 2,931,728 shares

Honda Motor Company Limited, Japan: 36,192,315 shares

Shirazi Investments (Pvt.) Limited: 25,265,858 shares

Shirazi Capital (Pvt.) Limited: 25,359,715 shares

Shirazi (Pvt.) Limited: 3,595,120 shares

Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012

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Glossary of Terms

Acronym	Description	Acronym	Description
3G	3rd Generation	IAS	International Accounting Standards
ACCA	Association of Chartered Certified Accountants	IASB	International Accounting Standards Board
AGM	Annual General Meeting	ICAP	Institute of Chartered Accountants of Pakistan
AHL	Atlas Honda Limited	ICMAP	Institute of Cost Management Accountants of Pakistan
B2B	Business to Business	IFAS	Islamic Financial Accounting Standards
CAD / CAM	Computer Aided Design and Computer Aided Manufacturing	IFRS	International Financial Reporting Standards
CAGR	Compounded Annual Growth Rate	IMF	International Monetary Fund
CDC	Central Depository Company of Pakistan Limited	ISO	International Standardization Organization
CEO	Chief Executive Officer	KSE	Karachi Stock Exchange
CFO	Chief Financial Officer	LSE	Lahore Stock Exchange
CKD	Completely Knocked Down	LSM	Large Scale Manufacturing
CNIC	Computerized National Identity Card	NA	Not Applicable
COO	Chief Operating Officer	NAV	Net Asset Value
CPI	Consumer Price Index	NBFI	Non-Banking Finance Institutions
CSF	Coalition Support Fund	NHC	New Honda Circle
CSR	Corporate Social Responsibility	PAT	Profit After Taxation
DFI	Development Finance Institutions	PBT	Profit Before Taxation
EOBI	Employee Old-Age Benefits Institution	PERAC	Public Employee Retirement Administration Commission
EPS	Earnings per Share	RMF	Risk Management Function
ERP	Entity Resource Planner- software	SAFA	South Asian Federation of Accountants
GAAP	Generally Accepted Accounting Principles	SAP	Standard Application Protocol - ERP system
GDC	Gravity Die Casting	SECP	Securities and Exchange Commission of Pakistan
GDP	Gross Domestic Product	SRO	Statutory Regulatory Order
GST	General Sales Tax	TDR	Term Deposit Receipt
HPDC	High Pressure Die Casting	WWF	World Wildlife Fund

The Company Secretary
Atlas Honda Limited,
1-Mcleod Road,
Lahore-54000

PROXY FORM

I/We _____
of _____
being member(s) of Atlas Honda Limited and holder(s) of _____
Ordinary Shares as per Register Folio No. _____ and / or CDC Participant
I.D. No. _____ and Sub Account No. _____ hereby
appoint _____
of _____
or failing him / her _____
of _____ as my/our Proxy to attend, act and vote for me/us and on my/our
behalf at the 50th Annual General Meeting of the Company to be held at the Registered Office of the Company at 1-Mcleod
Road, Lahore, on Thursday, June 26, 2014 at 12:30 p.m. and at every adjournment thereof.

As witness my/our hand this _____ day of _____ 2014
signed by the Said _____ in the presence of

(Witness)

(Signature must agree with the
specimen signature registered
with the Company)

Affix Revenue Stamp
Signature

NOTE:

- Proxies, in order to be effective, must be received at the Company's Registered Office or Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or Passport with this proxy form before submission to the Company.

The Company Secretary
Atlas Honda Limited
1 - McLeod Road,
Lahore – 54000

AFFIX
POSTAGE

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Atlas Honda Limited

1-McLeod Road, Lahore-54000

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