

**PEOPLE.
PROCESS.
PRODUCTIVITY.**

Annual Report 2014







PEOPLE. PROCESS. PRODUCTIVITY.



As one of the pioneering manufacturing companies, Honda is dedicated towards bringing joy to the customers through its innovative solutions and trailblazing technologies. On our cover this year, we celebrate our dynamic and gifted workforce – who are the reason behind Honda’s remarkable success. It is our people whose creative talent and uninhibited tenacity has helped us pave the way for the future – making our processes not only highly productive but also deeply meaningful.





CONTENTS

Vision Statement.....	05
Company Information.....	06
Board of Directors.....	08
Organization Chart.....	10
Corporate Governance Organization Chart.....	12
Business Principles.....	14
Chronicle of Events.....	16
Pattern of Shareholding.....	18
Chairman's Review.....	20
Directors' Report.....	28
Corporate Social Responsibility.....	32
Statement of Compliance with Code of Corporate Governance.....	36
Auditors' Review Report to the Members.....	38
Year at a Glance.....	39
Revenue Application.....	40
Value Added and its Distribution.....	41
Financial Highlights.....	42
Horizontal Analysis.....	44
Vertical Analysis.....	45
Auditors' Report to the Members.....	47
Balance Sheet.....	48
Profit and Loss Account.....	50
Statement of Comprehensive Income.....	51
Statement of Changes in Equity.....	52
Cash Flow Statement.....	53
Notes to the Financial Statements.....	54
Notice of Annual General Meeting.....	89
Form of Proxy.....	91
Dealers' Network.....	93





VISION STATEMENT



Striving to be a Company that society wants to exist by sharing joys with people throughout the world.

Creating products that maximize the joy of customers, with speed, affordability and low CO₂.

COMPANY INFORMATION

Board of Directors

Mr. Yusuf H. Shirazi
Chairman

Mr. Takeharu Aoki
President / CEO

Mr. Aamir H. Shirazi

Mr. Hisatada Tachi

Mr. Kazuhisa Hirota

Mr. M. Naeem Khan

Mr. Tatsuo Sato

Company Secretary

Mr. Sardar Abid Ali Khan

Chief Financial Officer

Mr. Ahmad Umair Wajid

Executive Committee

Mr. Takeharu Aoki

Mr. Hisatada Tachi

Mr. Sardar Abid Ali Khan

Audit Committee

Mr. Aamir H. Shirazi
Chairman

Mr. Takeharu Aoki

Mr. Hisatada Tachi

Mr. Kazuhisa Hirota

Mr. M. Naeem Khan

Mr. Hamood-ur-Rahman
Secretary

Human Resource and Remuneration Committee

Mr. Aamir H. Shirazi
Chairman

Mr. Takeharu Aoki

Mr. Hisatada Tachi

Mr. Kazuhisa Hirota

Mr. M. Naeem Khan

Head of Internal Audit

Mr. Hamood-ur-Rahman

Auditors

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





Legal Advisor

Cornelius, Lane & Mufti
Bokhari Aziz & Karim

Bankers

Citibank N.A
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
United Bank Limited

Registered Office

1-Mcleod Road, Lahore, Pakistan.
Tel: +92 42 37225015-17
Fax: +92 42 37233518

Share Registrar

M/s Hameed Majeed Associates
HM House, 7-Bank Square,
Lahore, Pakistan
Tel: + 92 42 37235081-82

Factory

43 Km, Multan Road,
Manga Mandi, Lahore, Pakistan
Tel: +92 42 35384671-80
Fax: +92 42 35384691-92
E-mail: info@honda.com.pk

Regional Offices

Lahore Office:
1-XX, Phase III, DHA
Tel: +92 42 35694851-3,
Fax: +92 42 35694854

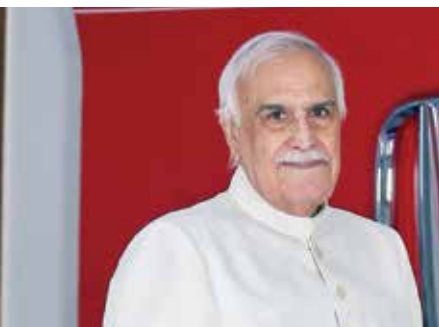
Karachi Office:
C-149, KDA Scheme No. 1
Street H, Karsaz Road
Tel: +92 21 34854973
Fax: +92 21 34854974

Web Site

www.honda.com.pk
m.honda.com.pk
www.facebook.com/hacpl



BOARD OF DIRECTORS



Mr. 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 the financial services of the Central Superior Services of Pakistan for eight years. He is the author of five 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 economy.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa and MAN. He has been the President Karachi Chamber of Commerce and Industries 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 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).



Mr. Takeharu Aoki

President & CEO

Mr. Aoki is President & Chief Executive Officer (CEO) of Honda Atlas Cars (Pakistan) Limited. He has been associated with Honda Motor Company Limited, Japan for last 25 years and has rich experience of Sales & Marketing. He started his professional career in 1989. Mr. Takeharu Aoki has been working with different Honda ventures around the world. He has been extensively involved in Sales & Marketing and Global Product Planning of automobiles. He has significant experience of working in United Kingdom (UK), Canada and France. In his previous assignment, he was working as Divisional Manager, Asia Oceania Sales Division in Honda Motor Company Limited, Japan.



Mr. Aamir H. Shirazi

Director

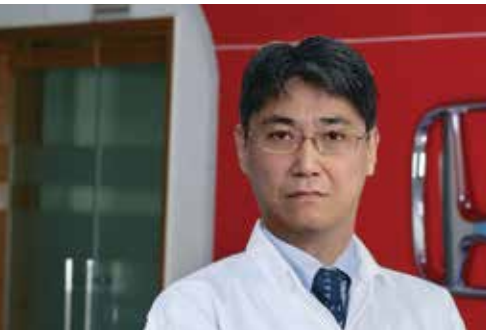
Mr. Aamir is the President of Atlas Group. He graduated from Claremont McKenna College, California and completed his OPM from Harvard Business School. He was the Chief Executive of Atlas Honda Limited for over 10 years. He was also appointed as professional director on the Board of Lahore Stock Exchange for two consecutive terms by the Securities & Exchange Commission of Pakistan. He has been Honorary Consul General of Japan, Lahore since 2002.



Mr. Hisatada Tachi

Director/VP Production

Mr. Tachi has been associated with Honda Motor Company Limited for last 32 Years. He joined Honda in 1982 and began his career in Assembly Department at Honda Suzuka plant in Japan. Mr. Tachi has vast experience in the Automobile, having worked with Honda ventures in China. In previous assignment, he has worked as Department Manager of Assembly Division at Honda, Suzuka plant and Production Planning Office in overseas area. He is currently working as Director/Vice President Production of Honda Atlas Cars (Pakistan) Limited since March 2014.



Mr. Kazuhisa Hirota

Director

Mr. Hirota has been associated with Honda Motor, Japan for last 27 years. He has vast experience of Accounting and Finance Division, working in Honda Motor, Japan and different Honda ventures and subsidiaries in China & Thailand. He has worked as Manager in Honda Automobile (China) and Deputy General Manager in Honda Motor (China) Investment Co., Limited for eight years. Currently, he is working as Director of Asian Honda Motors Co., Limited, President of Honda Leasing Thailand Co., Limited and General Manager for Regional Operations, Planning Office, Honda Motor, Japan. He joined Honda Atlas Cars (Pakistan) Limited as Board member from April 2014.



Mr. M. Naeem Khan

Director

Mr. Khan is an AMP from Harvard Business School, Boston, USA, a fellow member of The Institute of Chartered Accountants of Pakistan and a member of The Institute of Chartered Accountants in England & Wales. His association with the Atlas Group extends to over 21 years in various capacities. He has exposure in oil marketing, food, investment banking and capital markets.

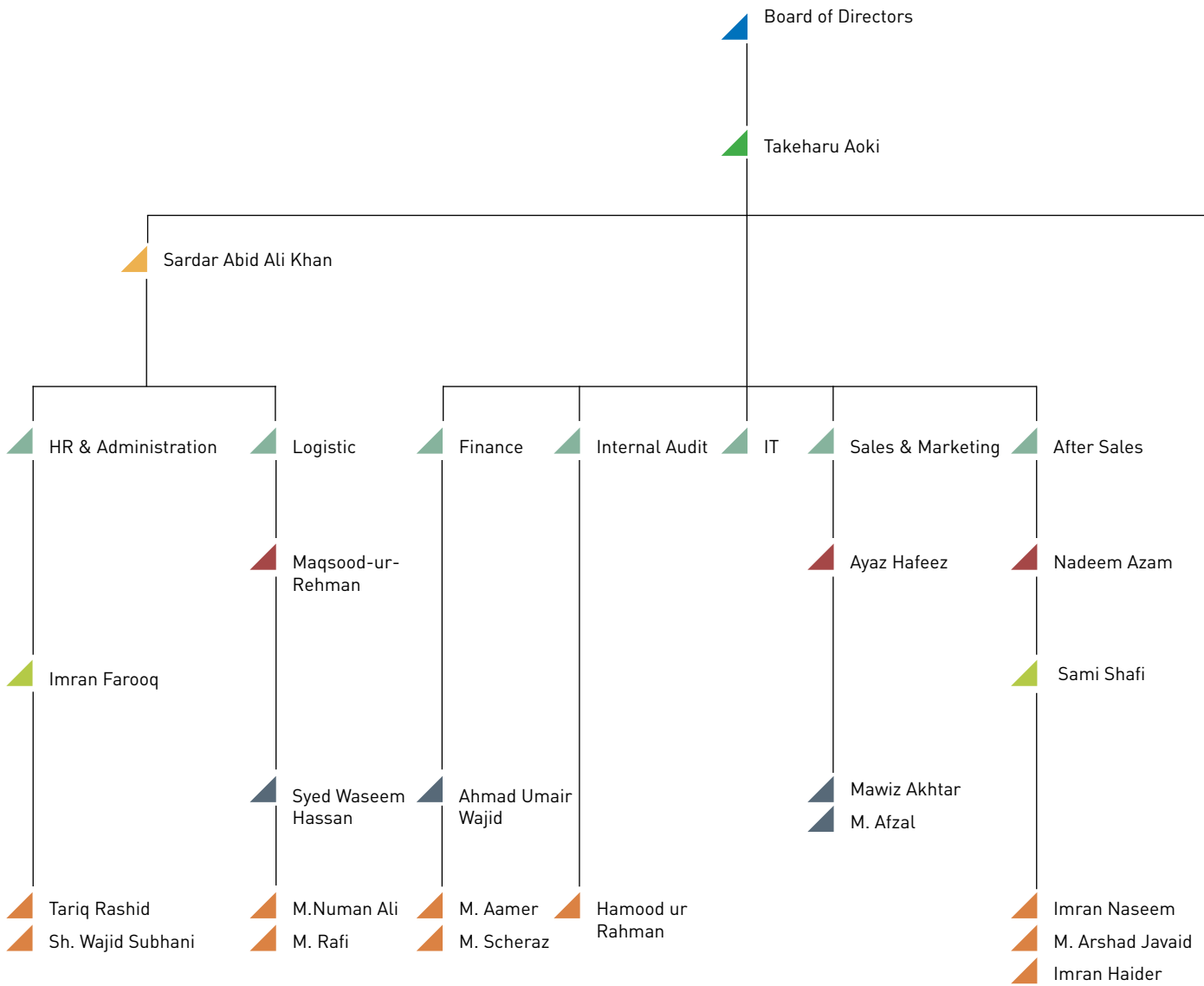


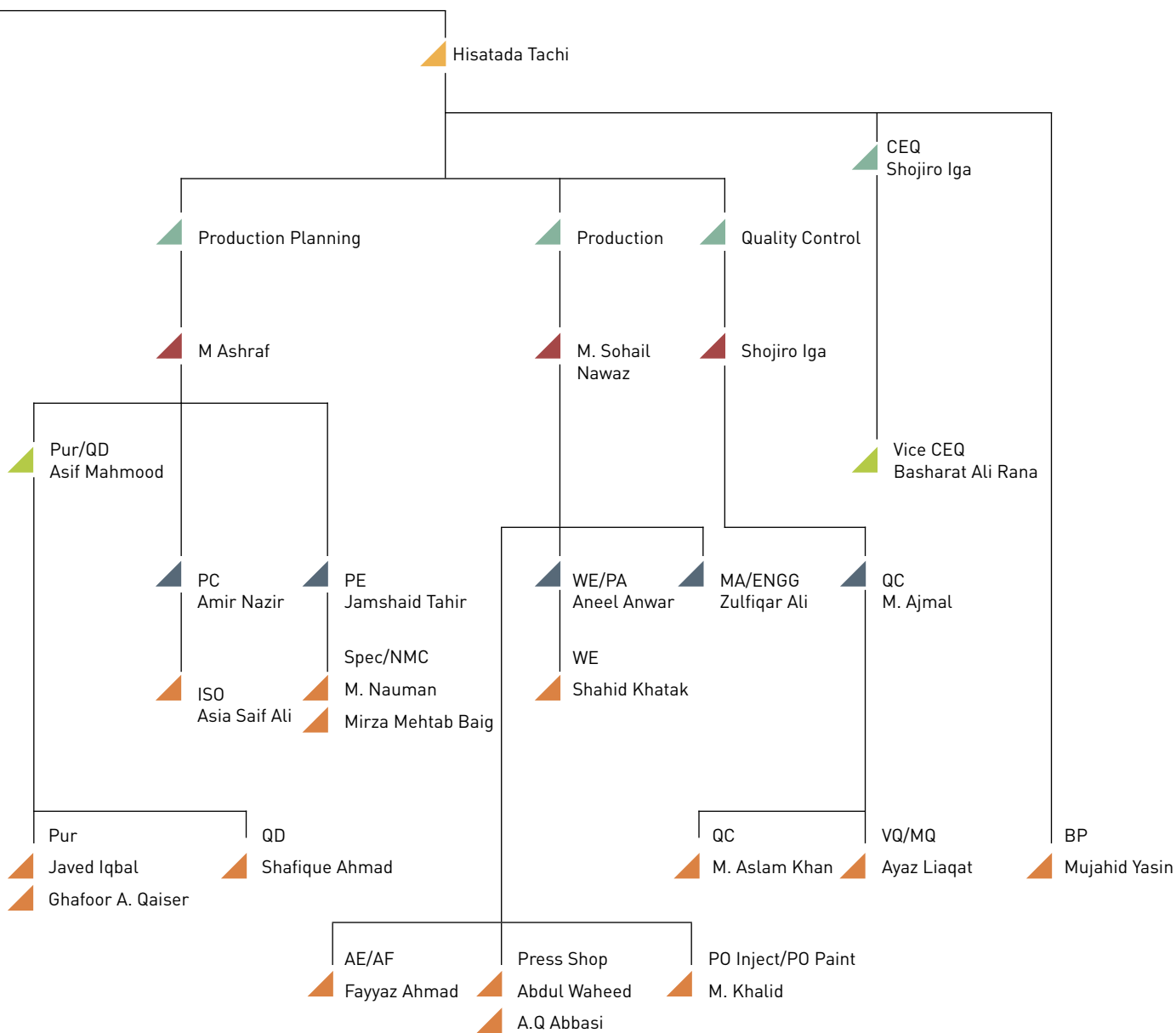
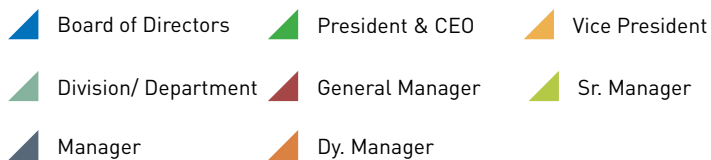
Mr. Tatsuo Sato

Director

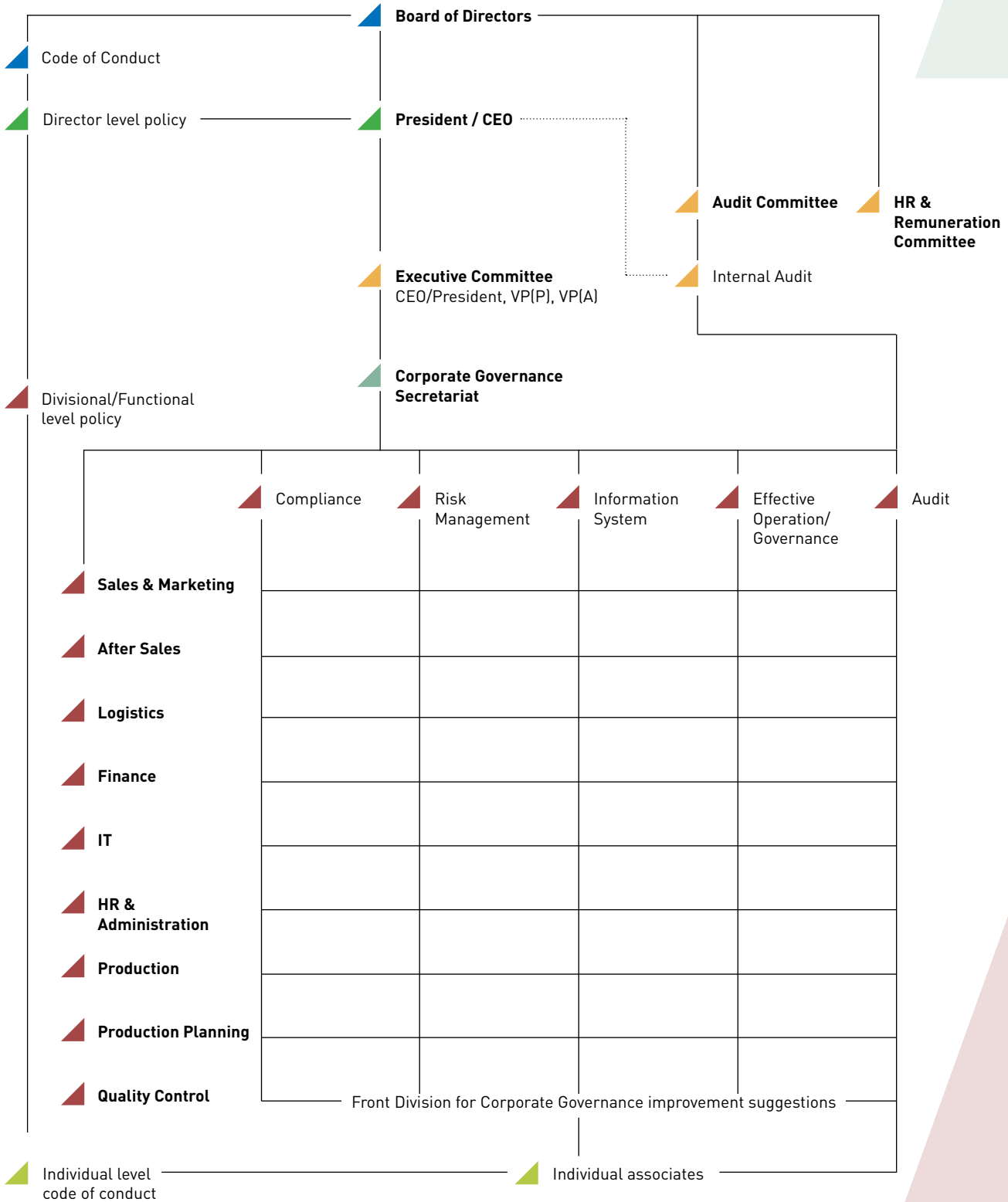
Mr. Sato has been associated with Honda Motor Company Limited, Japan for last 23 years. He is currently General Manager of Automobile Business in Asia Oceania Region. Before taking over his current responsibilities, he was Manager, Production Control in Japan. He has been in charge of Global Honda Automobile supply chain management not only in Asia/ Japan but also in USA and Europe.

ORGANIZATION CHART





CORPORATE GOVERNANCE ORGANIZATION CHART





BUSINESS PRINCIPLES

Honda Motor Co., Limited Japan

Corporate Philosophy

Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customers satisfaction.

Management Policy

1. Proceed always with ambition and youthfulness.
2. Respect sound theory, develop fresh ideas and make the most effective use of time.
3. Enjoy your work and encourage open communications.
4. Strive constantly for a harmonious flow of work.
5. Be ever mindful of the value of research and endeavor.

Honda Atlas Cars (Pakistan) Limited

Corporate Philosophy

1. Dynamic manufacturing and marketing of prestigious products to the entire satisfaction of customers.
2. Create ideal working environment for continuous development of products and personnel.
3. Provide adequate return to shareholders and fulfill corporate civic obligations.

Management Policy

1. Respect for all – man has priority over machine.
2. Man is the key in controlling i.e. machines, methods and materials.
3. Follow 3S spirit i.e. small, smart and speed.
4. Believe in 3A “Hands on Approach” i.e. be on Actual Spot, look at the Actual Spot and confront the Actual Situation.
5. Be a good corporate citizen; assume a responsible role in community.

Priority Standards of Conduct

1. **Safety:** There can be no production without safety.
2. **Quality:** To achieve complete customers satisfaction by focusing on smart teamwork, meeting all applicable legal and regulatory requirements & continually improving our strategies and goals.
3. **Productivity:** With safety and quality each of us will strive to excel the performance in all fields of our activities i.e Production Divisions, Sales & Marketing, After Sales, Finance, Logistics, IT and HR & Administration Division.

Human Resources and Succession Plan

Human Resources Policy is to hire young, fresh, energetic and active associates to meet the existing and future workforce requirements and providing its associates maximum opportunities for internal mobility through personal training and development to enable them to take higher positions.



Human Resource Division has succession plan for each key job/ area to make sure the continuity of operations in the relevant division and to fill the temporary/permanent vacancy.

Quality Policy

We at Honda Atlas Cars (Pakistan) Limited, strive for supplying top quality Honda cars to get ultimate customers satisfaction accomplished by focusing on:

- Smart team work.
- Meeting all applicable legal and regulatory requirements.
- Continually improving our strategies and goals.

Environment Policy

Honda Atlas Cars (Pakistan) Limited, being a responsible member of society considers the preservation of the global environment as a crucial concern.

Our environmental philosophy is firmly based on the following Principles:

1. Recognize the impacts of our activities, Products and Services on environment;
2. Formulate objectives and targets for pollution prevention, environmental impacts mitigation and resource conservation as far as technically feasible;
3. Operate in compliance with applicable legal and other requirements with the commitment to preserve global environment;
4. Create awareness and understanding about environmental issues amongst our associates;
5. Commitment to continual improvement of the environmental performance and review of the environmental management system to ensure its suitability, adequacy and effectiveness;
6. Keep Public and other interested parties informed on our environmental performance, if deemed necessary.

Safety, Health and Environment

Honda Atlas Cars (Pakistan) Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society. We implement and maintain the programs that provide reasonable assurance that the business will do the following:

1. To comply with all applicable Government and internal health, safety and environmental requirements;
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment;
3. To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.

Operating Principles

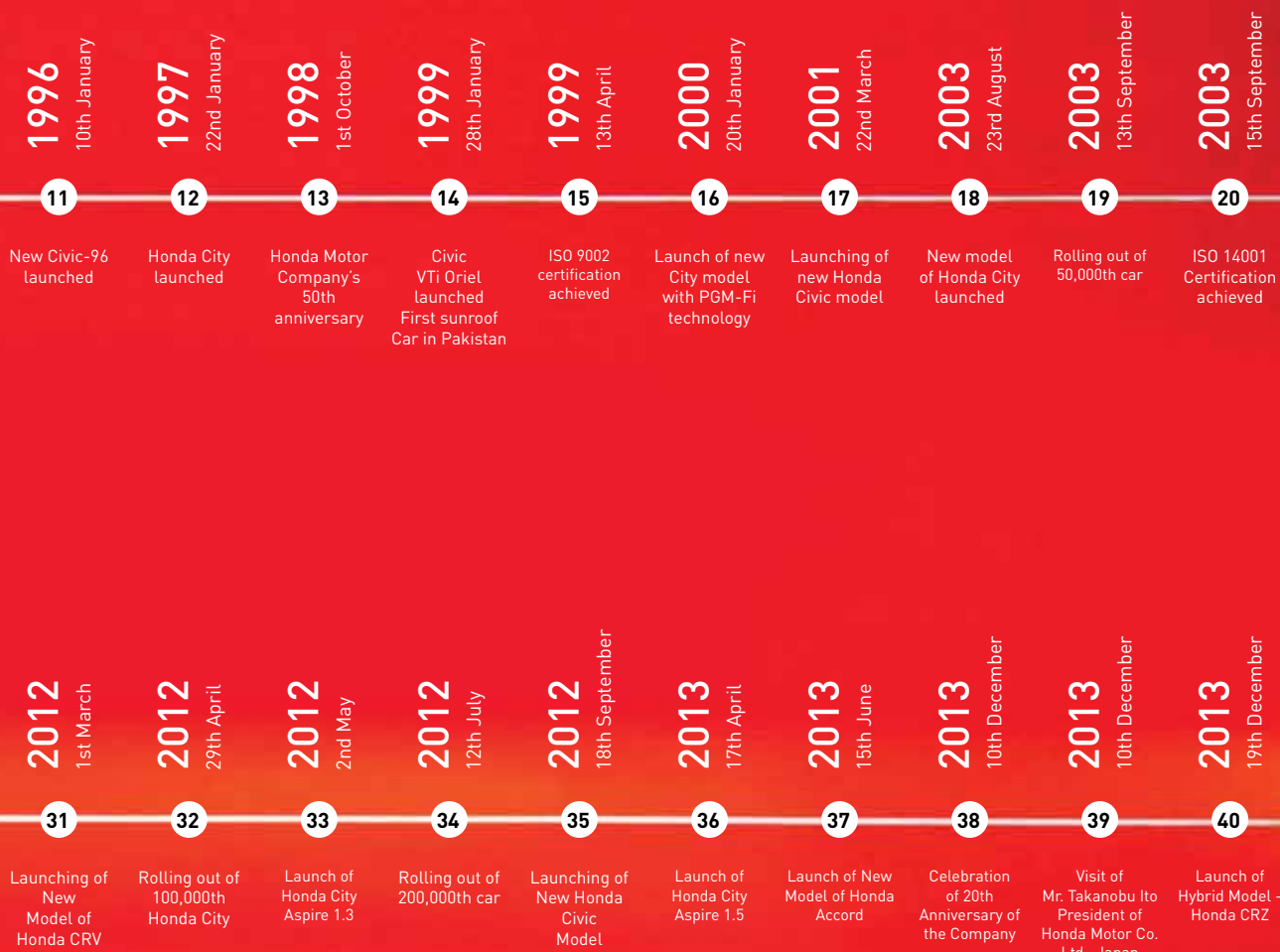
1. Always keep the deadline.
2. Never make excuses.
3. Team work.



CHRONICLE OF EVENTS

- | | | | | | | | | | |
|--|--|--------------------------------------|---|---|---|---------------------------------------|---|-------------------------------------|--|
| 1992
5th August | 1992
4th November | 1993
17th April | 1994
31st March | 1994
1st April | 1994
26th May | 1994
13th July | 1994
13th July | 1994
16th July | 1994
10th October |
| 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 |
| Joint venture agreement signed with Honda Motor Co. Ltd. Japan | Incorporation of Honda Atlas Cars (Pakistan) Limited | Ground breaking ceremony held | Completion of Civil Work and installation of Plant & Equipment | Technical Assistance Agreement signed with Honda Motor Co. Ltd. Japan | First car rolling out ceremony held | Inauguration by President of Pakistan | Visit of Mr. N. Kawamoto, President Honda Motor Co. Ltd., Japan | Commercial Production commenced | Public issue of shares |
| 2005
11th August | 2005
21st December | 2006
14th January | 2006
7th July | 2006
29th July | 2006
31st December | 2007
27th August | 2008
20th July | 2009
31st January | 2010
27th November |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| Launching of CBU model of Honda Accord | Rolling out of 100,000th car | Launching of New Model of Honda City | Visit of Mr. Takeo Fukui, President & CEO Honda Motor Co. Ltd., Japan | New model of Honda Civic launched in 1800 cc | Capacity enhancement to 50,000 units per annum achieved | Issue of 100% right shares | Launching of New Model of Honda Accord & CRV | Launch of 3rd Generation Honda City | Inauguration of first 1-S Spare Parts Dealership |





PATTERN OF SHAREHOLDING

as on March 31, 2014

Number of Shareholders	From	Shareholdings	To	Total Number of Share Held	Percentage of Total Capital
1763	1	-	100	75,705	0.05
653	101	-	500	252,795	0.18
916	501	-	1000	817,806	0.57
945	1001	-	5000	2,337,017	1.64
151	5001	-	10000	1,205,806	0.84
47	10001	-	15000	611,970	0.43
41	15001	-	20000	753,327	0.53
20	20001	-	25000	476,000	0.33
15	25001	-	30000	416,460	0.29
11	30001	-	35000	361,214	0.25
12	35001	-	40000	449,666	0.31
2	40001	-	45000	87,500	0.06
13	45001	-	50000	645,500	0.45
4	50001	-	55000	218,000	0.15
4	55001	-	60000	233,000	0.16
3	65001	-	70000	203,700	0.14
3	70001	-	75000	218,160	0.15
3	75001	-	80000	239,000	0.17
2	80001	-	85000	162,500	0.11
2	85001	-	90000	174,500	0.12
6	95001	-	100000	599,500	0.42
1	105001	-	110000	107,000	0.07
2	115001	-	120000	234,925	0.16
1	125001	-	130000	130,000	0.09
1	135001	-	140000	136,500	0.10
4	145001	-	150000	595,700	0.42
2	155001	-	160000	313,600	0.22
1	160001	-	165000	160,010	0.11
1	165001	-	170000	165,920	0.12
2	175001	-	180000	354,121	0.25
2	195001	-	200000	400,000	0.28
1	340001	-	345000	343,500	0.24
1	360001	-	365000	364,705	0.26
1	405001	-	410000	410,000	0.29
1	475001	-	480000	480,000	0.34
1	615001	-	620000	617,000	0.43
1	845001	-	850000	850,000	0.60
1	965001	-	970000	967,000	0.68
1	980001	-	985000	981,500	0.69
1	2480001	-	2485000	2,482,754	1.74
1	2680001	-	2685000	2,684,500	1.88
1	3535001	-	3540000	3,535,489	2.48
1	10600001	-	10605000	10,601,650	7.42
1	32515001	-	32520000	32,517,000	22.77
1	72825001	-	72830000	72,828,000	51.00
4,647				142,800,000	100.00

CATEGORIES OF SHAREHOLDERS

Sr No.	Category	No. of Shareholders	Shares Held	Percentage of Total Capital
1	Individuals	4,566	13,866,237	9.71
2	Joint Stock Companies	39	1,599,412	1.12
3	Financial Institutions	5	3,036,040	2.13
4	Insurance Companies	2	1,260,000	0.88
5	Modarabas	1	25,000	0.02
6	Mutual Funds	12	6,054,659	4.24
7	Foreign Company	1	72,828,000	51.00
8	Investment Company	5	43,123,420	30.20
9	Pension Funds	8	648,102	0.45
10	Others	8	359,130	0.25
		4,647	142,800,000	100.00

SHAREHOLDING INFORMATION

as on March 31, 2014 as required under the Code of Corporate Governance

Categories	No. of Shareholders	Shares held
Associated Companies		
M/s Honda Motor Co. Ltd. Japan +	1	72,828,000
M/s Shirazi Capital (Pvt.) Limited +	1	32,517,000
M/s Shirazi Investments (Pvt.) Limited +	1	10,602,650
M/s Atlas Insurance Limited	1	850,000
Mutual Funds		
M/S First Capital Mutual Fund	1	170
Golden Arrow Selected Stocks Fund Limited	1	10,000
CDC - Trustee Unit Trust of Pakistan	1	981,500
CDC - Trustee JS Aggressive Asset Allocation Fund	1	21,000
CDC - Trustee Nafa Stock Fund	1	617,000
CDC - Trustee Nafa Multi Asset Fund	1	149,500
CDC - Trustee JS Pension Savings Fund - Equity Account	1	99,500
CDC - Trustee Nafa Islamic Multi Asset Fund	1	107,000
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	1	130,000
CDC - Trustee Nafa Asset Allocation Fund	1	343,500
CDC - Trustee First Capital Mutual Fund	1	60,000
National Bank of Pakistan - Trustee Department NI(U)T Fund	1	3,535,489
Directors, CEO, their Spouse and Minor Children		
Mr. Yusuf H. Shirazi	1	#
Mr. Takeharu Aoki	1	*
Mr. Aamir H Shirazi	1	#
Mr. Hisatada Tachi	1	*
Mr. Muhammad Naeem Khan	1	500
Mr. Shigeki Takane	1	*
Mr. Tatsuo Sato	1	*
Executives	8	39,990
Public Sector Companies & Corporations	39	1,599,412
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	18	4,122,912
Shareholders holding 5% or More Voting Rights		
Others	4,559	14,184,877
TOTAL:	4,647	142,800,000

Note:

+ The above mentioned associated companies have 5% or more voting rights.

Mr. Yusuf H. Shirazi and Mr. Aamir H. Shirazi hold 500 qualification shares. The ultimate ownership remains with M/s. Shirazi Investments (Pvt) Limited.

* The shareholding of Honda Motor Co. Limited, Japan includes 4 directors holding 525 shares each (Total 2100) in the name of Mr. Takeharu Aoki, Mr. Hisatada Tachi, Mr. Shigeki Takane and Mr. Tatsuo Sato in the capacity of its nominee directors. The ultimate ownership remains with Honda Motor Co., Limited, Japan.

CHAIRMAN'S REVIEW





It gives me great pleasure to present you the Annual Report 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 6.5% against the US Dollar during last quarter. The fluctuation of exchange rate had volatile impact on financials of the Company. The timely materialization of Eurobond receipts, Coalition Support Fund (CSF) inflows and 3G/4G license auctions 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 the GDP growth of 4.4%.

AGRICULTURE

The performance of agricultural sector continued to remain divergent. Heavy rains, floods and lower area under cultivation significantly 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 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.

AUTOMOBILE INDUSTRY

The automobile industry remained subdued throughout the year and experienced decline of 5.8% in production during the twelve months period of April 2013 to March 2014. During this period, a total of 121,200 units were produced against 128,685 units, in the same period of last year. The sales also decreased correspondingly to 120,107 units against 129,685 units, last year. Out of the three segments, production of cars up to 800cc category reduced by 11.9%, and that of vehicles from



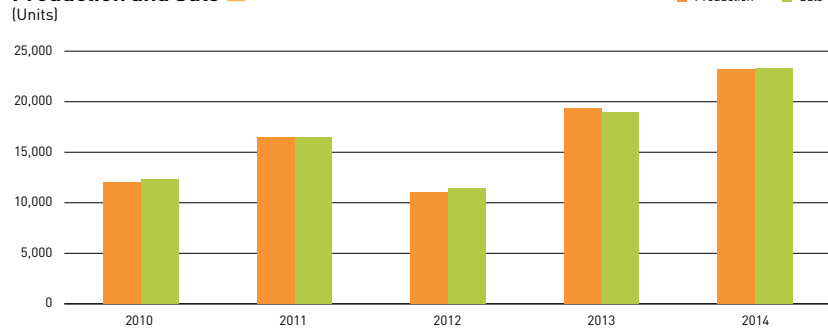
801cc-1000cc category reduced by 9.4%, whereas production in the 1300cc and above category remained stagnant. The relaxation in conditions for import of reconditioned cars resulted in influx of imported-used cars and adversely hit the demand of local OEMs, particularly the lower segment. Despite all-out efforts of the industry, investments in capacity expansion & localizations, growth has remained sluggish in last couple of years.

YOUR COMPANY

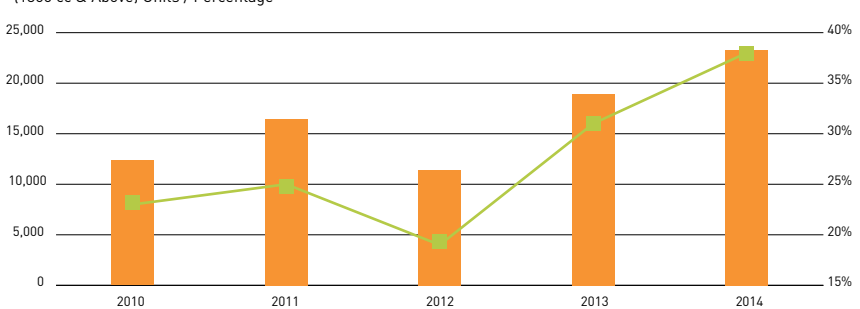
Despite the negative growth in the industry, your Company continued to prosper and registered increase of 19.8% in its production and 23.3% in sales over the same period of last year. 'Civic' maintained its status of "Luxury Car" and its market share improved from 53% to 62% in its own segment. Honda City and Honda City Aspire combined also improved market share from 23% to 28% over the same period, last year. Overall in 2013-14, the market share of the Company improved from 32% in last year to 38% in the 1300cc & above segment of the industry.

The production and sales of 23,223 units and 23,310 units respectively

Production and Sale



Honda Sale and Market Share



was the second highest in the 21 years operational history of the Company; and highest in last seven years! The capacity utilization, on single shift basis, increased from 78% to 93% in the year under review.

NEW MODELS AND MARKETING

In June 2013, the Company launched the premium luxury model of

'Honda Accord' which carries the pedigree of its predecessor, and with improvements has brought it closer to perfection. The new model offers many advance features, enhancing comfort, safety and style.

In December 2013, the Company launched its first sports hybrid Honda CR-Z. The car offers ideal balance of technology, design and performance



to give ultimate driving experience to sports car-enthusiasts.

At the start of current year, the Company launched an environment campaign "You Buy a Honda, We Plant a Tree". During the year, the Company sold more than 23,300 units and on behalf of its customers, planted same number of trees all over the country - at parks, clubs, schools and road side with the help of Honda Dealers.

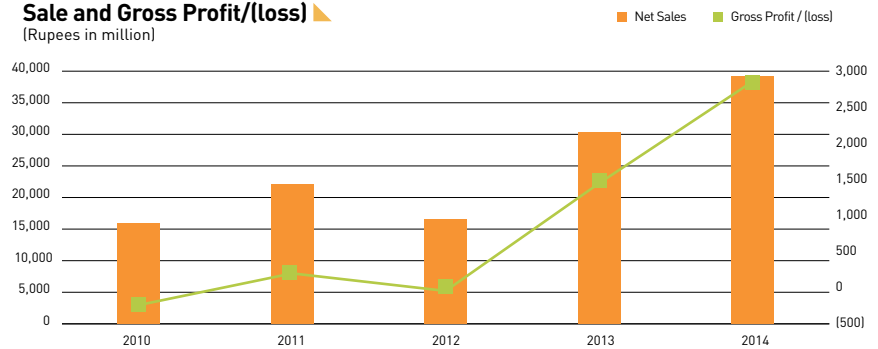
The exchange rate remained volatile during the year and it moved both ways. Following more than 6% recovery of Pak rupee in last quarter, the Company reduced retail prices of Honda City by Rs 40,000 and Honda Civic and Honda City Aspire by Rs 30,000 to pass on the benefit of currency appreciation to its customers.

Brand presence was assured through participating in different prestigious golf tournaments, display of cars at prominent events and media campaign. All these efforts helped to achieve the sales target for the year.

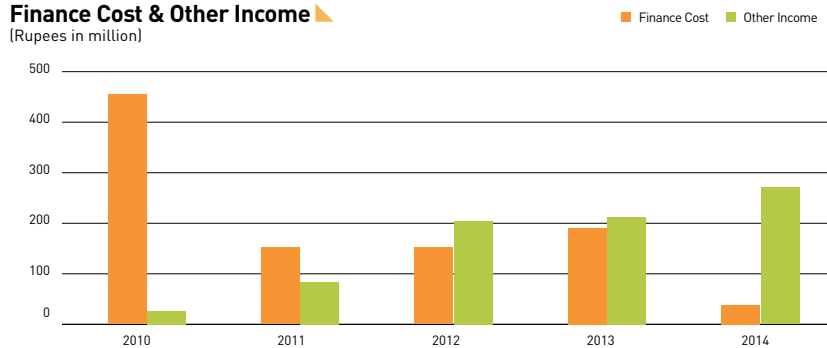
FINANCIALS

The Company had been struggling for last couple of years to overcome

Sale and Gross Profit/(loss) (Rupees in million)



Finance Cost & Other Income (Rupees in million)



the financial crises and get back on the track of sustainable and consistent growth. Our associates—our most vibrant asset, management and business partners made commendable efforts to make this a memorable year for the Company. Their persistent efforts to increase capacity utilization and cost rationalization contributed

considerably towards this success. The hard-work paid handsome dividends and the Company registered record sales revenue, highest gross profit, record profit before tax and net profit – highest ever in its 21 years operational history!

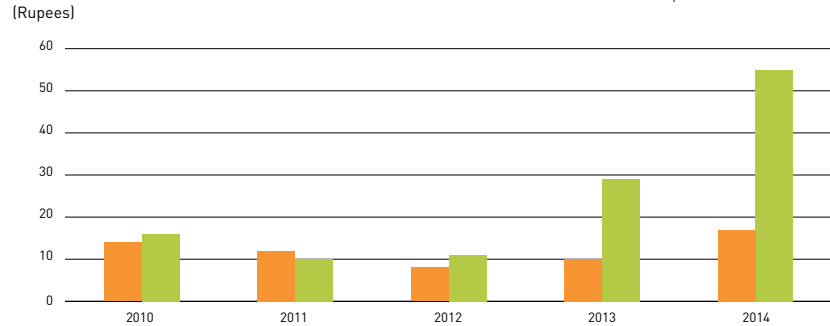
For the year 2013-14, the Company earned net profit of Rs 1,073.7 million

against Rs 244.3 million in the same period of last year. The earnings per share improved to Rs 7.52 from Rs 1.71 and return on equity was ever highest, at 78.7%.

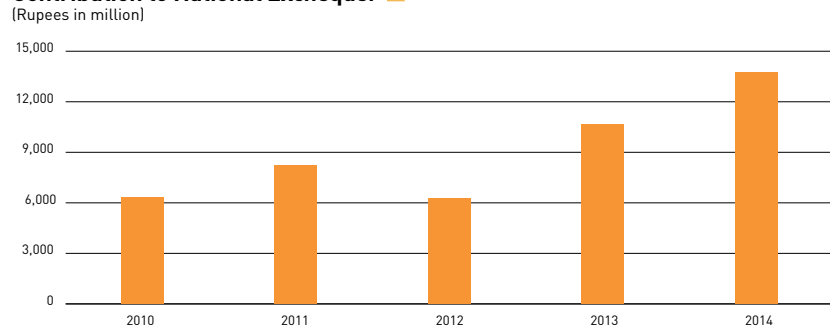
Net sales for the year were Rs 39,153.2 million against Rs 30,274.6 million in the same period, last year. Gross profit improved to Rs 2,857.2 million from Rs 1,447.1 million. The GP margin improved to 7.3%. The administrative and selling expenses also increased from Rs 420.6 million to Rs 627.6 million mainly due to advertising and promotion expenses and wages & compensation. In absolute terms, administrative and selling expenses increased marginally to 1.6% from 1.4% of sales. Other income improved by 26.8% to Rs 270.5 million due to better liquidity and efficient treasury management. Financial charges reduced by 80.1% to Rs 38.1 million, whereas other expenses also declined by 30.3%. The profit before tax improved to Rs 2,097.2 million from Rs 524.8 million, whereas profit after tax was Rs 1,073.6 million compared to Rs 244.3 million last year.

The Company's cost structure is largely based on imports of CKD, spare parts & raw material from Japan, Thailand and other regions making it more sensitive to exchange rate fluctuations. Whilst the exchange rate remained stable in the first quarter, however in the second and third quarter, due to unprecedented speculations in the money market the Pak Rupees depreciated to Rs 106.5 to one US\$. However, with timely intervention by government, speculative trading was effectively curbed and by the end of March 2014 exchange rate had narrowed to Rs 98 to one US\$.

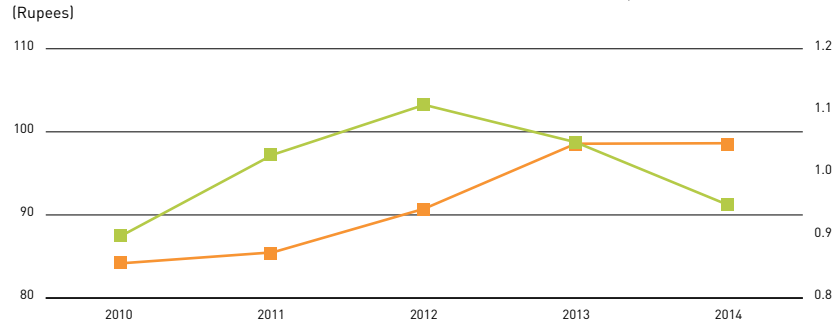
Share Value



Contribution to National Exchequer



PKR to USD and JPY Movement



The Company continued to make significant contribution towards national exchequer and has been one of the highest tax paying companies of Atlas Group. During the year, the Company paid Rs 13.7 billion towards government revenue in the form of custom duty, sales tax, income tax and other government levies. Now, total contributions towards government exchequer stand at Rs 92.3 billion since start of commercial production in 1994.

In view of the improved demand of our products in last three years and to maintain cost effectiveness, the Company had gradually increased its daily production from 80 to 90 units during previous year. The year under review saw further optimization where production was increased to 96 units. This is planned to further improve to 100 units per day by the end of first quarter of 2014-15.



20TH ANNIVERSARY CELEBRATIONS

The Company celebrated its 20th Anniversary on 10th December, 2013. A grand event was organized at factory to celebrate the occasion. The guest of honor was Mr. Takanobu Ito, the President of Honda Motor, Japan, who was accompanied by Mr. Hiroshi Kobayashi, President Asian Honda and Managing officer of Honda Motor Japan and Mr. Yoshiyuki Matsumoto, Managing officer Honda Motor,

Japan, all of whom had especially flown to Lahore to participate in the celebrations. The event was attended by Honda dealers, vendors, bankers, distinguished corporate customers and all associates of the Company.

Chairman and CEO welcomed the guests, followed by address of Mr. Takanobu Ito, President and Chief Executive Officer of Honda Motor, Japan who acknowledged & appreciated the long association and

commitment of the business partners towards success of the Company.

Shields and mementos were presented to the dealers, vendors and bankers associated with the Company for last 20 years. Shields were also presented to Company associates who had completed 20 years' service with the Company.

VENDORS CONFERENCE

The Company is steadily moving towards self-reliance and setting challenging targets for localization of future models. To share this future business strategy with our vendors who are an integral part of our business expansion plans, a vendor conference was held on October 31, 2013 in Lahore which was attended by all vendors. By way of encouragement and motivation, shields and awards were presented to the distinguished vendors on their outstanding performance in Quality, Cost, Delivery and Management areas.

FUTURE PROSPECTS

Moving forward, achieving sustainability in macro-economic fundamentals will remain a key challenge. The return of Pakistan to the international bond market after a period of seven years is a strong indication of the economic revival. However, long term stability calls for consistent increase in the foreign direct investment and fiscal revenues. The on-going peace process will further bring stability in the law & order situation, a vital to attract the foreign investments. Structural reforms are required for widening the tax base and gradual phasing out of subsidies.

Privatization of loss-making companies will reduce financial burden on the economy. However, security problems and energy challenges will remain biggest impediment to the industrial growth. Agriculture, being the largest employer, will remain the driving force for the long-term economic growth. Encouragement in agri-credit disbursements, adequate support prices and improved acreage could

help in resurgence of this sector. The automobile industry will remain sluggish in the coming quarters, unless a long term vision and policy is set for its consistent growth. In last year, despite the decline in the automobile market, the Company successfully managed 23% sales growth and improved its market share. For this year, the key challenge for the Company will be to consolidate its financial stability with advanced technology, improved market share, better model line-up, efficient after sales back-up and optimum operational efficiency.

اک برہمن نے کہا ہے کہ یہ سال اچھا ہے

(It is acclaimed to be a great year)

CHANGES ON THE BOARD

During the year, Mr. Akio Takemoto, Vice President Production & Director, completed his tenure of service and returned back to Honda Motor, Japan. Mr. Hisatada Tachi replaced him as new Vice President Production and Director. During his brief period, Mr. Takemoto successfully contributed towards process improvement, production optimization and cost savings. Similarly Mr. Shijeki Takane was succeeded by Mr. Kazuhisa Hirota as new Director on the HACPL Board. The Board appreciates the contribution of outgoing directors and welcomes new members on the Board.

ACKNOWLEDGMENT

On behalf of the Board, I appreciate the strong commitment and leadership of Mr. Takeharu Aoki, President and CEO, in turning around the Company and for the excellent results for the year. This success would not have been possible

without valuable contributions from our dealers, vendors, bankers, shareholders and strong belief of our valued customers in the product of the Company. I would also thank Honda Motor and Atlas Group, who have completed 20 years of strategic alliance and look forward to strengthening the business relationship for a sustainable and prosperous future.



Yusuf H. Shirazi
Chairman

Lahore, May 15, 2014



DIRECTORS' REPORT





The directors feel pleasure to present you the Annual Audited Financial Statements for the year ended March 31, 2014, together with the Auditors' Report thereon.

Financial results for the year are as follows:

Rupees in thousand	2014	2013
Profit before tax for the year	2,097,246	524,817
Taxation	(1,023,576)	(280,530)
Profit after tax	1,073,670	244,287
Other comprehensive loss for the year	(4,284)	(7,437)
Accumulated loss brought forward (Restated)	(182,166)	(376,176)
Accumulated profit / (loss)	887,220	(139,326)

Appropriations *:

Transfer to general reserves	(450,000)	-
Proposed dividend 30% (2013: 3%)	(428,400)	(42,840)
	(878,400)	(42,840)
Accumulated profit / (loss) carried forward	8,820	(182,166)

Earnings per share – basic and diluted (Rupees)	7.52	1.71
---	------	------

* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the Fourth schedule of the Companies Ordinance 1984.

The current year has been extremely good for the Company and set the records of highest sales revenue, gross profit, profit before tax and net profit. Company first time crossed the marks of Rs 2 billion and Rs 1 billion of profit before tax and profit after tax, respectively.

The sales remained consistent throughout the year and the Company achieved its target by selling 23,310 units in 2013-14. It was second highest unit sales in the 21 years' operations of the Company, and highest sales in last seven years. The all-round operational efficiency remained key focus and the Company effectively executed the cost control measures to maximize the profitability. The share price gradually increased from Rs 29.00 per share in April 2013 to Rs 55.15 per share by the end of March 2014. Now the challenge is to keep the momentum of this year and achieve the set target for 2014-15.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the provisions of the listing regulations of Stock Exchanges, the Board members are pleased to place the following statements on record:

- The financial statements for the year ended March 31, 2014 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2014 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations as on March 31, 2014;
- The book values of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2014 were Rs. 230.2 million and Rs. 148.3 million respectively.
- The key operating and financial data for last ten years is given in this report.

BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held from April 01, 2013 to March 31, 2014. The attendance of the Board members was as follows:

Sr. No	Name of Director	No of Meetings attended
1.	Mr. Yusuf H. Shirazi	4
2.	Mr. Takeharu Aoki	4
3.	Mr. Akio Takemoto	4
4.	Mr. Aamir H. Shirazi	3
5.	Mr. Muhammad Naeem Khan	4
6.	Mr. Shigeki Takane	-
7.	Mr. Tatsuo Sato	-
	Mr. Sardar Abid Ali Khan (Company Secretary)	4
	Mr. Ahmad Umair Wajid (CFO)	4

The leave of absence was granted to the members not attending the Board meetings.

During the year, two nominee directors of Honda Motor Company Limited, Japan were replaced. Mr. Tatsuo Sato succeeded Mr. Yuishi Fukuda on the Board on April 1, 2013 whereas Mr. Hisatada Tachi succeeded Mr. Akio Takemoto on March 1, 2014. To fulfill the requirement of qualification shares, 525 nominee shares were transferred in the name of new directors.

There was no other reported transaction of sale or purchase of shares of the Company by Directors, Company Secretary, Chief Financial Officer (CFO) and their spouses or minor children during the period under review.

The Board approved remuneration of Chairman (Non-executive) and Company Secretary at Rs. 26.0 million and Rs. 19.0 million (2013-14: Rs 22.39 million and Rs 16.49 million) respectively, which includes

allowances and other benefits as per terms of their employment, for the year ending March 31, 2015.

President/CEO will be paid an amount of Rs. 14.5 million (2013-14: Rs 11.6 million) and one full-time director will be paid an amount of Rs. 13.5 million (2013-14: Rs 17.7 million for one director), which includes allowances and other benefits as per terms of their employment, for the year ending March 31, 2015.

AUDIT COMMITTEE

Audit Committee comprises of five members, including three non-executive directors. The Chairman of the Committee is Non-Executive Director.

During the year, Audit Committee held eight meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports and compliance of the Corporate Governance requirements. These meetings included meeting with external auditors before and



after completion of audit for the year March-2014 and other statutory meeting as required by the CCG.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Following the amendments in the Code 2012, the Board formed Human Resource & Remuneration Committee which consist of five members. As required, the Chairman of the HR&R Committee is a Non-Executive director. The Committee holds meetings to discuss the matters falling under the terms of reference of the Committee.

HONDA CODE OF CORPORATE GOVERNANCE

The Company continued to comply with the requirements of the Honda Code of Corporate Governance (HCG), based on the fundamental corporate philosophy of Honda.

CHAIRMAN'S REVIEW

The accompanied Chairman's review deals with the performance of the Company during the year and future outlook. The directors of the Company endorse the contents of the review.

HOLDING COMPANY

M/s Honda Motor Company Limited is the holding company with 51% shares and is incorporated in Japan.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Code of Corporate Governance as contained in the Listing Regulation of the Stock Exchanges. A statement to this effect is annexed with this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on March 31, 2014 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

AUDITORS

As recommended by the Audit Committee, the present auditors Messer's A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2015.

For and on behalf of
The Board of Directors


Takeharu Aoki
President/CEO

Lahore, May 15, 2014

CORPORATE SOCIAL RESPONSIBILITY

Honda strive “to be a company that society wants to exist”. Through our product manufacturing, sourcing of raw materials, sell them and presence of our product as a source of mobility, we impact the society in many ways. To be good corporate citizen and to ‘giving back to the society’, Honda has taken different initiatives for community welfare.



FREE MEDICAL CAMP

In rural areas, generally good medical facilities are very rare. The vicinity of the Company, Manga Mandi and its surroundings is a backward area and lacks basic infrastructure. The Company arranged three one-day free medical camps in Manga Mandi village, Sham ki Bhattian and Bath village. Company doctors, lady doctor and paramedical staff attended the patients and provided them free medical advices and medicines. In three medical camps, a large number of patients were given treatment.



BLOOD DONATION CAMP

Honda Atlas Cars (Pakistan) Limited, with association of Fatmid Foundation arranged blood donation camp at factory. Fatmid Foundation is involved in free medical assistance to more than 6,000 children suffering from thalassemia, Hemophilia and other blood related disorders. The associates were volunteers for this noble cause and a total of 87 bottles were collected. President of the Company, Mr. Takeharu Aoki and Vice President, Mr. Akio Takemoto also donated their blood.



SCHOOL RENOVATION, SHOES DONATION & INFRASTRUCTURE

The Company strives to contribute to societal welfare through improvement in basic facilities infrastructure of a local primary school for boys in Manga Mandi. Moreover, the community living around our factory are poor people engaged in daily labor, factory workers and farmers. Most of the primary class students attend school bare-footed or with slippers, even in a few degree temperature of winter. The Company arranged & distributed school shoes for all students of the primary school.

The Company also improved an Off-Multan Road pathway, leading to 5 villages adjacent to our factory. The deteriorated road conditions were unsafe for traffic movement. The same were improved for smooth flow of vehicles and residents of the area.

“You Buy a Honda, We Plant a Tree”

Honda has always been at the forefront of innovation & development of environment friendly products. The Company launched a campaign of “You buy a Honda, We plant a Tree” at the start of current year. The idea was to contribute and promote green & healthy environment for our future generations. The Company planted a tree on behalf of our customers for every Honda car sold during 2013-14. A total of 23,300 trees were planted throughout Pakistan.

ASSOCIATES WELFARE

Our associates are most valuable assets of the Company. We always strive to provide them safe, vibrant and lively working environment where they can fulfill their jobs with complete peace of mind.





LONG SERVICE REWARDS

Your Company is committed to ensure that the individuals developing our products and components are provided safe & responsible working conditions, and are treated with dignity & respect. We believe in long term relationship with the organization and recognize associates who complete 10 years' and 20 years' service with the Company. This year, 60 associates were rewarded with long service rewards. Commemorating shields and gifts were presented to the associates.



SPORTS EVENTS

Every year, the Company arranges sport tournaments for recreation & entertainment of associates and to provide an environment where all associates can enjoy without any stress and job pressure. During the year, we arranged inter-departmental Cricket & Soccer tournaments. The associates enthusiastically participated in the events, in a healthy and competitive environment. The winners & runner up teams were presented with Shields, along with player of the final awards.



ENERGY CONSERVATION

During the year, the Company has installed Solar Energy Panels for energy conservation & to reduce the electricity burden. Initially, Company has shifted its office and conference rooms on solar panels. The successful implementation will help Company to extend this facility to other production offices and facilities in the coming years.

FAMILY DAY

At Honda, we consider all associates and their families as 'Honda Family' and every year we celebrate 'Family Day'. On March 16, 2014, we observed 'Family Day' and all associates & their family members were invited to the celebrations. Company arranged different fun activities for children like magic show, puppet show, jugglers show, jumping castles, food stalls, face painting and mehndi stalls. On the other hand, after lunch, families were entertained with music program, comedy show and many surprise gifts were distributed through lucky draws. The fun-filled gathering further strengthened the associates bonding with the Company.



STATEMENT OF COMPLIANCE

with the Code of Corporate Governance

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

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

1. The Company encourages the representation of independent non-executive directors on its Board of Directors. At present the Boards includes:

Executive Directors

Mr. Takeharu Aoki
Mr. Hisatada Tachi

Non-Executive Directors

Mr. Yusuf H. Shirazi
Mr. Aamir H. Shirazi
Mr. Muhammad Naeem Khan
Mr. Shigeki Takane
Mr. Tatsuo Sato
Independent Director *

- * Currently the Board do not have any independent director. Since last election of directors was held on April 26, 2012 and at the time of implementation of Code of Corporate Governance 2012, the Company had already initiated the process for election of director.

Therefore, the Company will adhere with this clause at the time of next election of directors due in 2015. Moreover, there is no representation of minority shareholders on the Board.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
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, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurred on the Board of Directors from April 01, 2013 to March 31, 2014 and were filled up by the Directors within 14 days thereof.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with

the date on which they were approved or amended has been maintained.

7. 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), other executive and non-executive directors, have been taken by the board/shareholders.
8. 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. The minutes of the meetings were appropriately recorded and circulated.
9. So far all the three local directors are qualified regarding directors training program, however, due to the recent transfer of foreign director who was scheduled to attend this training, we are trying to arrange this training for newly appointed director – in spite of language difficulty for experienced Japanese directors.
10. Company provided information to foreign resident directors of their duties and responsibilities.



Other directors of the Company, being directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities.

11. There was no change in the position of Company Secretary, Chief Financial Officer (CFO) & Head of Internal Audit during the year.
12. The directors' report for the year ended March 31, 2014 has been prepared in compliance with the requirements of the Code of Corporate Governance applicable as on March 31, 2014 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
16. The Board has already formed an Audit Committee in its meeting on June 07, 2002. It comprises of five members of whom three are

non-executive directors including the Chairman of the Committee.

17. 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 Board has already approved the terms of references of the committee on April 15, 2003 for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom three are non-executive directors and the chairman of the Committee is a Non-Executive director.
19. 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 and are involved in the internal audit function on full time basis.
20. 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 Institute of Chartered Accountants of Pakistan (ICAP).

21. 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.
22. 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 directors, employees and stock exchanges.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
24. We confirm that all other material principles enshrined in the Code of Corporate Governance 2012 have been complied with.



Takeharu Aoki
President / CEO

Lahore: April 25, 2014



AUDITORS' REVIEW REPORT TO THE MEMBERS

on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited (the 'Company') for the year ended March 31, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a part of our audit of the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended March 31, 2014.

Further, we highlight the instance of non-compliance with the requirement of the Code as reflected in the paragraph 9 of the Statement of Compliance which states that the training of a recently appointed foreign director has not been conducted. The Company is in process of arranging this training.

A.F. Ferguson & Co.

Chartered Accountants

Lahore: May 15, 2014

Engagement Partner: Muhammad Masood

YEAR AT A GLANCE

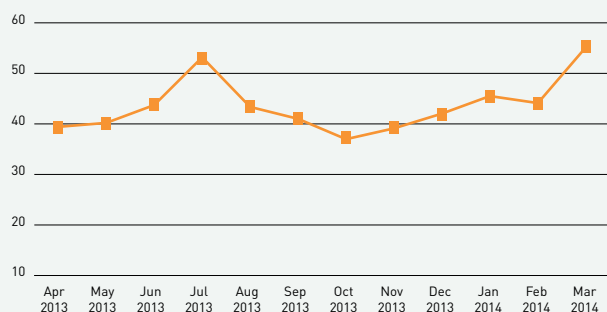
Rupees in million	2014	2013
Sales	39,153	30,275
Gross profit	2,857	1,447
Operating profit	2,135	716
Profit before tax	2,097	525
Profit after tax	1,074	244
Dividend	428	43
Shareholders' equity	2,391	1,365
Capital expenditure	239	466
Total assets	12,317	15,146
Working capital	(1,043)	(3,180)
Break up value per share	Rs 17	10
Market value per share	Rs 55	29
Contribution to national exchequer	Rs in million 13,750	10,664
Units produced	Units 23,223	19,387
Units sold	Units 23,310	18,915
Manpower (including contractual)	Nos 1,122	1,003

Exchange rates at year end

¥ to \$	¥	104.00	94.00
Rs to \$	Rs	98.53	98.57
Rs to ¥	Rs	0.95	1.05

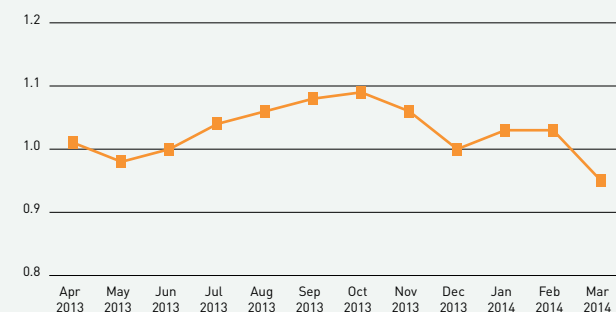
Share Price Movement

(Pak Rupees)



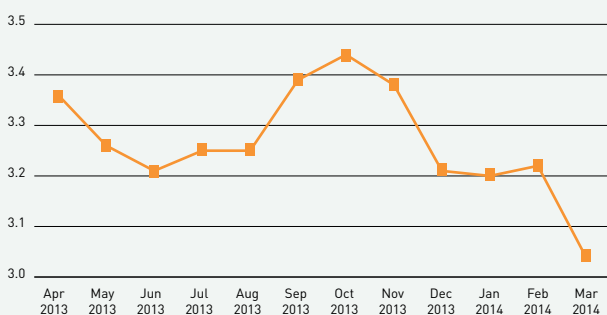
PKR to JPY Movement

(Pak Rupees)



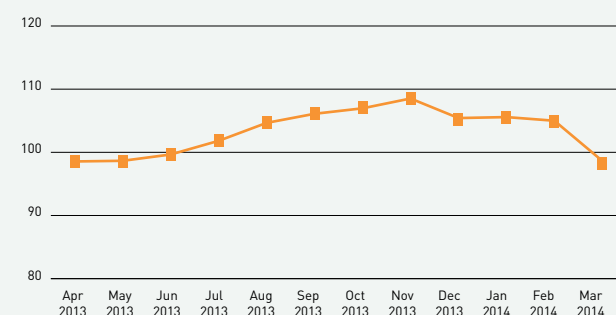
PKR to THB Movement

(Pak Rupees)



PKR to USD Movement

(Pak Rupees)

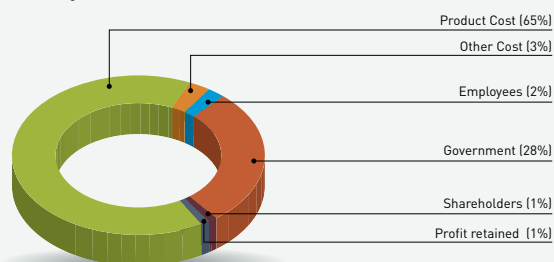


REVENUE APPLICATION

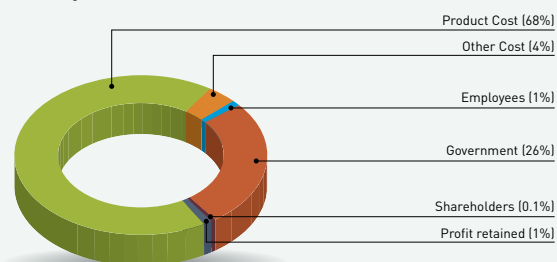
Rupees in thousand	2014	2013
Revenue		
Gross sales	46,459,546	35,706,199
Other income	270,548	213,434
Total	46,730,094	35,919,633
Application		
Product Cost		
Cost of sales (excluding employees' remuneration and government levies)	30,371,695	24,333,803
Other costs		
Operating expenses (excluding employees' remuneration)	571,819	723,641
Dealers' commission	666,174	504,995
Financial charges	38,075	190,967
	1,276,068	1,419,603
Employees		
Employees' remuneration	789,792	504,077
WPPF	112,589	28,415
	902,381	532,492
Government		
WWF	41,945	15,063
Sales tax and excise duties	6,640,118	4,926,600
Custom duties	5,400,641	4,167,255
Income tax	1,023,576	280,530
	13,106,280	9,389,448
Shareholders		
Dividend	428,400	42,840
Retained in Business		
Profit retained	645,270	201,447
Total	46,730,094	35,919,633

Application	2014 (%)	2013 (%)
Product cost	65%	68%
Other costs	3%	4%
Employees	2%	1%
Government	28%	26%
Shareholders	1%	0.1%
Profit retained	1%	1%
Total	100%	100%

2014
(Percentage)



2013
(Percentage)



VALUE ADDED AND ITS DISTRIBUTION

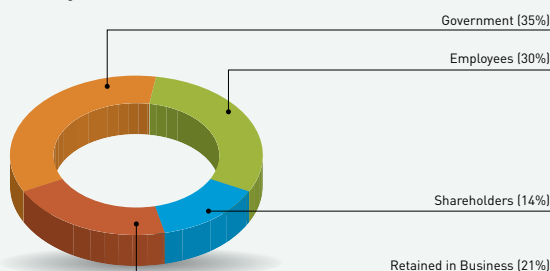
Rupees in thousand	2014	2013
Value Added		
Net sales	39,153,254	30,274,604
Other income	270,548	213,434
Cost of sales (excluding employees' remuneration)	(35,772,336)	(28,501,058)
Operating expenses (excluding employees' remuneration)	(571,819)	(723,641)
Finance cost	(38,075)	(190,967)
Total	3,041,572	1,072,372

Distribution

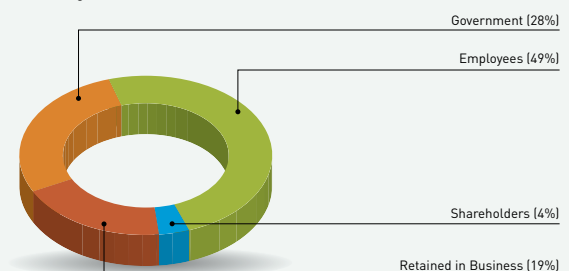
To Government		
WWF	41,945	15,063
Income tax	1,023,576	280,530
	1,065,521	295,593
To Employees		
Employees' remuneration	789,792	504,077
WPPF	112,589	28,415
	902,381	532,492
To Shareholders		
Dividend	428,400	42,840
Retained In Business		
Profit retained	645,270	201,447
Total	3,041,572	1,072,372

Distribution	2014 (%)	2013 (%)
Government	35%	28%
Employees	30%	49%
Shareholders	14%	4%
Retained in business	21%	19%
Total	100%	100%

2014
(Percentage)



2013
(Percentage)



FINANCIAL HIGHLIGHTS

		2014	2013	2012
Profit and Loss Account				
Sales	Rupees in million	39,153	30,275	16,600
Gross profit / (loss)	Rupees in million	2,857	1,447	(44)
Operating profit / (loss)	Rupees in million	2,135	716	(347)
Profit / (loss) before tax	Rupees in million	2,097	525	(499)
Profit / (loss) after tax	Rupees in million	1,074	244	(532)
Dividend	Rupees in million	428	43	-
Balance Sheet				
Share capital	Rupees in million	1,428	1,428	1,428
Shareholders' equity	Rupees in million	2,391	1,365	1,128
Capital expenditure	Rupees in million	239	466	397
Fixed assets - at cost	Rupees in million	8,150	7,957	8,202
Fixed assets - net	Rupees in million	3,041	3,503	3,668
Non current liabilities	Rupees in million	56	43	110
Total assets	Rupees in million	12,317	15,146	9,489
Working capital	Rupees in million	(1,043)	(3,180)	(3,622)
Capital employed	Rupees in million	2,391	1,365	1,294
Significant Ratios				
Profitability				
Gross profit / (loss) margin	%	7.3	4.8	(0.3)
Operating profit / (loss) margin	%	5.5	2.4	(2.1)
Profit / (loss) before tax	%	5.4	1.7	(3.0)
Profit / (loss) after tax	%	2.7	0.8	(3.2)
Liquidity				
Current ratio	Times	0.9	0.8	0.6
Quick ratio	Times	0.5	0.4	0.2
Long term debt to equity	Times	-	-	0.2
Total liabilities to equity	Times	5.2	11.1	8.4
Activity				
Total assets turnover	Times	3.2	2.0	1.7
Fixed assets turnover	Times	12.9	8.6	4.5
Stock turnover ratio	Times	8.9	8.0	5.3
Interest cover (BT)	Times	56.1	3.7	(2.3)
Interest cover (AT)	Times	29.2	2.3	(2.5)
Number of days stock	Days	41	46	69
Earnings				
Return on capital employed	%	57.2	18.4	(28)
Return on equity (BT)	%	111.7	42.1	(35.6)
Return on equity (AT)	%	57.2	19.6	(37.9)
Earnings / (loss) per share (BT)	Rs.	14.7	3.7	(3.5)
Earnings / (loss) per share (AT)	Rs.	7.5	1.7	(3.7)
Price earning ratio (AT)	Times	7.3	17.1	(3.0)
Dividend per ordinary share	Rs.	3.00	0.30	-
Dividend pay out ratio	%	39.9	17.6	-
Other Information				
Break up value per share	Rs.	17	10	8
Market value per share	Rs.	55	29	11
Contribution to national exchequer	Rs in M	13,750	10,664	6,281
Units produced	Units	23,223	19,387	11,040
Units sold	Units	23,310	18,915	11,406
Manpower (including contractual)	Nos.	1,122	1,003	934
Exchange rates at year end date				
¥ to \$	¥	104	94	82
Rs to \$	Rs.	98.53	98.57	90.75
Rs to ¥	Rs.	0.95	1.05	1.11

* Bonus shares # Issue of 100% right shares

2011	2010	2009	2008	2007	2006	2005
22,026	15,854	14,150	14,715	17,055	25,639	16,587
199	(240)	177	627	100	1,168	283
(93)	(533)	(400)	297	(176)	1,180	265
(245)	(988)	(622)	64	(482)	1,134	259
(298)	(852)	(402)	75	(265)	705	162
-	-	-	-	-	294 *	95
1,428	1,428	1,428	1,428#	714	420	420
1,677	1,976	2,828	3,230	2,441	2,705	2,094
55	29	2,129	188	2,521	1,833	273
7,821	7,786	7,783	5,979	5,832	3,535	1,740
3,945	4,594	5,406	4,010	4,341	2,359	694
417	1,333	1,500	500	1,958	672	-
10,573	8,946	9,942	6,817	8,305	9,174	11,793
(2,816)	(2,125)	(1,685)	(652)	(225)	473	588
2,511	3,476	4,328	3,730	4,982	3,705	2,094
0.9	(1.5)	1.3	4.3	0.6	4.6	1.7
(0.4)	(3.4)	(2.8)	2.0	(1.0)	4.6	1.6
(1.1)	(6.2)	(4.4)	0.4	(2.8)	4.4	1.6
(1.4)	(5.4)	(2.8)	0.5	(1.6)	2.7	1.0
0.7	0.6	0.7	0.8	0.9	1.1	1.1
0.2	0.2	0.2	0.2	0.2	0.4	0.7
0.5	0.8	0.5	0.2	1.0	0.4	-
6.3	4.5	3.5	2.1	3.4	3.4	5.6
2.1	1.8	1.4	2.2	2.1	2.8	1.4
5.6	3.5	2.6	3.7	3.9	10.9	23.9
7.6	6.1	6.1	6.5	4.9	6.7	6.7
(0.6)	(1.2)	(1.8)	1.3	(0.6)	25.5	44.4
(1.0)	(0.9)	(0.8)	1.3	0.1	16.2	28.2
48	60	60	56	74	54	54
(10.0)	(21.8)	(10.0)	1.7	(6.1)	24.3	15.5
(13.4)	(41.1)	(20.5)	2.3	(18.7)	47.3	12.9
(16.3)	(35.5)	(13.3)	2.6	(10.3)	29.4	8.0
(1.7)	(6.9)	(4.4)	0.5	(6.8)	27.0	6.2
(2.1)	(6.0)	(2.8)	0.5	(3.7)	16.8	3.9
(4.8)	(2.7)	(4.3)	88.0	(15.7)	6.7	19.0
-	-	-	-	-	7.0	2.3
-	-	-	-	-	41.7	58.6
12	14	20	23	34	64	50
10	16	12	44	58	112	74
8,229	6,316	6,452	4,958	6,213	8,481	6,371
16,440	11,980	12,780	15,080	18,240	31,476	20,040
16,467	12,344	12,502	15,604	18,709	30,719	20,056
975	857	955	946	1,034	1,198	1,032
83	94	98	100	117	118	108
85.50	84.18	80.45	62.77	60.85	60.10	59.50
1.03	0.90	0.82	0.63	0.52	0.51	0.55

HORIZONTAL ANALYSIS

	2014	2013	2012	2011	2010	2009	2014 vs 2013	2013 vs 2012	2012 vs 2011	2011 vs 2010	2010 vs 2009
	Rupees in thousand						%	%	%	%	%
BALANCE SHEET											
EQUITY AND LIABILITIES											
SHARE CAPITAL AND RESERVES											
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	-	-	-	-	-
Reserves	76,000	76,000	249,500	548,500	1,401,500	1,801,500	-	(69.54)	(54.51)	(60.86)	(22.20)
Unappropriated profit / (Accumulated loss)	887,220	(139,326)	(549,676)	(299,307)	(853,855)	(401,655)	(736.79)	(74.65)	83.65	(64.95)	112.58
NON-CURRENT LIABILITIES											
Long-term finances - secured	-	-	83,333	416,667	1,333,333	1,500,000	-	(100.00)	(80.00)	(68.75)	(11.11)
Gratuity	44,425	37,834	26,393	-	-	-	17.42	43.35	100.00	-	-
Deferred revenue	11,709	4,800	-	-	-	-	143.94	100.00	-	-	-
CURRENT LIABILITIES											
Current portion of long-term finances	-	-	83,334	416,667	166,667	-	-	(100.00)	(80.00)	150.00	100.00
Short term borrowings - secured	-	-	-	-	-	2,151,601	-	-	-	-	(100.00)
Accrued mark-up	13,790	91,986	65,496	4,302	37,400	75,048	(85.01)	40.45	1,422.45	(88.50)	(50.17)
Trade and other payables	9,856,245	13,646,869	8,102,678	8,058,598	5,432,738	3,387,594	(27.78)	68.42	0.55	48.33	60.37
	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	9,942,088	(18.68)	59.62	(10.26)	18.19	(10.02)
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment	2,873,067	3,355,778	3,255,755	3,847,016	4,445,810	5,190,535	(14.38)	3.07	(15.37)	(13.47)	(14.35)
Intangible assets	86,431	139,556	56,366	87,023	125,988	195,830	(38.07)	147.59	(35.23)	(30.93)	(35.66)
Capital work-in-progress	81,293	7,857	355,812	11,448	21,813	19,226	934.66	(97.79)	3,008.07	(47.52)	13.46
Long term loans and advances	52,772	37,189	33,855	33,532	33,896	31,503	41.90	9.85	0.96	(1.07)	7.60
Long term deposits	4,042	4,042	4,042	4,042	4,042	4,042	-	-	-	-	-
Deferred taxation	393,238	1,042,794	1,154,027	926,746	802,914	571,214	(62.29)	(9.64)	24.52	15.42	40.56
CURRENT ASSETS											
Stores and spares	116,205	115,646	112,139	106,039	121,368	101,942	0.48	3.13	5.75	(12.63)	19.06
Stock-in-trade	3,852,540	4,311,552	2,853,523	3,443,054	2,329,161	2,954,091	(10.65)	51.10	(17.12)	47.82	(21.15)
Short term investments	-	491,680	-	-	-	-	(100.00)	100.00	-	-	-
Advances, prepayments and other receivables	2,503,651	2,105,102	1,581,062	1,245,786	978,745	853,218	18.93	33.14	26.91	27.28	14.71
Cash and bank balances	2,354,150	3,534,967	82,477	868,741	82,046	20,487	(33.40)	4,186.00	(90.51)	958.85	300.48
	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	9,942,088	(18.68)	59.62	(10.26)	18.19	(10.02)
PROFIT AND LOSS ACCOUNT											
Sales	39,153,254	30,274,604	16,599,608	22,026,109	15,854,142	14,149,646	29.33	82.38	(24.64)	38.93	12.05
Cost of sales	(36,296,009)	(28,827,522)	(16,643,607)	(21,826,799)	(16,093,687)	(13,973,144)	25.91	73.20	(23.75)	35.62	15.18
Gross profit / (loss)	2,857,245	1,447,082	(43,999)	199,310	(239,545)	176,502	97.45	(3,388.90)	(122.08)	(183.20)	(235.72)
Distribution and marketing costs	(340,556)	(218,707)	(130,550)	(139,185)	(124,916)	(190,088)	55.71	67.53	(6.20)	11.42	(34.29)
Administrative expenses	(287,026)	(201,908)	(158,943)	(171,729)	(136,131)	(139,749)	42.16	27.03	(7.45)	26.15	(2.59)
Other operating income	270,548	213,434	204,456	83,977	26,368	64,844	26.76	4.39	143.47	218.48	(59.34)
Other operating expenses	(364,890)	(524,117)	(217,842)	(64,945)	(58,628)	(311,025)	(30.38)	140.60	235.43	10.77	(81.15)
Profit / (loss) from operations	2,135,321	715,784	(346,878)	(92,572)	(532,852)	(399,516)	198.32	(306.35)	274.71	(82.63)	33.37
Finance cost	(38,075)	(190,967)	(151,926)	(152,255)	(455,128)	(222,769)	(80.06)	25.70	(0.22)	(66.55)	104.30
Profit (loss) before taxation	2,097,246	524,817	(498,804)	(244,827)	(987,980)	(622,285)	299.61	(205.22)	103.74	(75.22)	58.77
Taxation	(1,023,576)	(280,530)	(33,409)	(53,625)	135,780	220,452	264.87	739.68	(37.70)	(139.49)	(38.41)
Profit / (loss) after taxation	1,073,670	244,287	(532,213)	(298,452)	(852,200)	(401,833)	339.51	(145.90)	78.32	(64.98)	112.08

VERTICAL ANALYSIS

	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
	Rupees in thousand					%	%	%	%	%
BALANCE SHEET										
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Issued, subscribed and paid up capital	1,428,000	1,428,000	1,428,000	1,428,000	1,428,000	11.59	9.43	15.05	13.51	15.96
Reserves	76,000	76,000	249,500	548,500	1,401,500	0.62	0.50	2.63	5.19	15.67
Unappropriated profit / (Accumulated loss)	887,220	(139,326)	(549,676)	(299,307)	(853,855)	7.20	(0.92)	(5.79)	(2.83)	(9.54)
NON-CURRENT LIABILITIES										
Long-term finances - secured	-	-	83,333	416,667	1,333,333	-	-	0.88	3.94	14.90
Gratuity	44,425	37,834	26,393	-	-	0.36	0.25	0.28	-	-
Deferred revenue	11,709	4,800	-	-	-	0.10	0.03	-	-	-
CURRENT LIABILITIES										
Current portion of long-term finances	-	-	83,334	416,667	166,667	-	-	0.88	3.94	1.86
Short term borrowings - secured	-	-	-	-	-	-	-	-	-	-
Accrued mark-up	13,790	91,986	65,496	4,302	37,400	0.11	0.61	0.69	0.04	0.42
Trade and other payables	9,856,245	13,646,869	8,102,678	8,058,598	5,432,738	80.02	90.10	85.39	76.22	60.73
	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	100.00	100.00	100.00	100.00	100.00
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	2,873,067	3,355,778	3,255,755	3,847,016	4,445,810	23.33	22.16	34.31	36.38	49.70
Intangible assets	86,431	139,556	56,366	87,023	125,988	0.70	0.92	0.59	0.82	1.41
Capital work-in-progress	81,293	7,857	355,812	11,448	21,813	0.66	0.05	3.75	0.11	0.24
Long term loans and advances	52,772	37,189	33,855	33,532	33,896	0.43	0.25	0.36	0.32	0.38
Long term deposits	4,042	4,042	4,042	4,042	4,042	0.03	0.03	0.04	0.04	0.05
Deferred taxation	393,238	1,042,794	1,154,027	926,746	802,914	3.19	6.88	12.16	8.76	8.98
CURRENT ASSETS										
Stores and spares	116,205	115,646	112,139	106,039	121,368	0.94	0.76	1.18	1.00	1.36
Stock-in-trade	3,852,540	4,311,552	2,853,523	3,443,054	2,329,161	31.28	28.47	30.07	32.56	26.04
Short term investments	-	491,680	-	-	-	-	3.25	-	-	-
Advances, prepayments and other receivables	2,503,651	2,105,102	1,581,062	1,245,786	978,745	20.33	13.90	16.66	11.78	10.94
Cash and bank balances	2,354,150	3,534,967	82,477	868,741	82,046	19.11	23.34	0.87	8.22	0.92
	12,317,389	15,146,163	9,489,058	10,573,427	8,945,783	100.00	100.00	100.00	100.00	100.00
PROFIT AND LOSS ACCOUNT										
Sales	39,153,254	30,274,604	16,599,608	22,026,109	15,854,142	100.00	100.00	100.00	100.00	100.00
Cost of sales	(36,296,009)	(28,827,522)	(16,643,607)	(21,826,799)	(16,093,687)	(92.70)	(95.22)	(100.27)	(99.10)	(101.51)
Gross profit / (loss)	2,857,245	1,447,082	(43,999)	199,310	(239,545)	7.30	4.78	(0.27)	0.90	(1.51)
Distribution and marketing costs	(340,556)	(218,707)	(130,550)	(139,185)	(124,916)	(0.87)	(0.72)	(0.79)	(0.63)	(0.79)
Administrative expenses	(287,026)	(201,908)	(158,943)	(171,729)	(136,131)	(0.73)	(0.67)	(0.96)	(0.78)	(0.86)
Other operating income	270,548	213,434	204,456	83,977	26,368	0.69	0.70	1.23	0.38	0.17
Other operating expenses	(364,890)	(524,117)	(217,842)	(64,945)	(58,628)	(0.93)	(1.73)	(1.31)	(0.29)	(0.37)
Profit / (loss) from operations	2,135,321	715,784	(346,878)	(92,572)	(532,852)	5.45	2.36	(2.09)	(0.42)	(3.36)
Finance cost	(38,075)	(190,967)	(151,926)	(152,255)	(455,128)	(0.10)	(0.63)	(0.92)	(0.69)	(2.87)
Profit (loss) before taxation	2,097,246	524,817	(498,804)	(244,827)	(987,980)	5.36	1.73	(3.00)	(1.11)	(6.23)
Taxation	(1,023,576)	(280,530)	(33,409)	(53,625)	135,780	(2.61)	(0.93)	(0.20)	(0.24)	0.86
Profit / (loss) after taxation	1,073,670	244,287	(532,213)	(298,452)	(852,200)	2.74	0.81	(3.21)	(1.35)	(5.38)



FINANCIAL STATEMENTS

for the year ended March 31, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Honda Atlas Cars (Pakistan) Limited (the 'Company') as at March 31, 2014 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 conducted 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 changes as stated in note 4.1 to the annexed financial statements 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, statement of comprehensive income, statement of changes in equity and cash flow statement 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, total comprehensive income, changes in equity and its cash flows for the year then ended; and
- d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F. Ferguson & Co.

Chartered Accountants

Lahore: May 15, 2014

Engagement Partner: Muhammad Masood

BALANCE SHEET

as at March 31, 2014

Rupees in thousand	Note	2014	2013 Re-stated	2012 Re-stated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
200,000,000 (2013: 200,000,000)				
ordinary shares of Rs 10 each		2,000,000	2,000,000	2,000,000
Issued, subscribed and paid up share capital				
142,800,000 (2013: 142,800,000)				
ordinary shares of Rs 10 each	5	1,428,000	1,428,000	1,428,000
Reserves	6	76,000	76,000	249,500
Accumulated profit / (loss)		887,220	(139,326)	(549,676)
		2,391,220	1,364,674	1,127,824
NON-CURRENT LIABILITIES				
Long term finance - secured		-	-	83,333
Deferred liabilities	7	44,425	37,834	26,393
Deferred revenue		11,709	4,800	-
		56,134	42,634	109,726
CURRENT LIABILITIES				
Current portion of long term finance		-	-	83,334
Short term borrowings - secured	8	-	-	-
Accrued mark up	9	13,790	91,986	65,496
Trade and other payables	10	9,856,245	13,646,869	8,102,678
		9,870,035	13,738,855	8,251,508
CONTINGENCIES AND COMMITMENTS				
	11			
		12,317,389	15,146,163	9,489,058

The annexed notes 1 to 43 form an integral part of these financial statements.

Rupees in thousand	Note	2014	2013 Re-stated	2012 Re-stated
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	12	2,873,067	3,355,778	3,255,755
Intangible assets	13	86,431	139,556	56,366
Capital work-in-progress	14	81,293	7,857	355,812
Long term loans and advances	15	52,772	37,189	33,855
Long term deposits		4,042	4,042	4,042
Deferred taxation	16	393,238	1,042,794	1,154,027
		3,490,843	4,587,216	4,859,857
CURRENT ASSETS				
Stores and spares	17	116,205	115,646	112,139
Stock-in-trade	18	3,852,540	4,311,552	2,853,523
Trade debts	19	-	-	-
Loans, advances, prepayments and other receivables	20	2,503,651	2,105,102	1,581,062
Short term investments	21	-	491,680	-
Cash and bank balances	22	2,354,150	3,534,967	82,477
		8,826,546	10,558,947	4,629,201
		12,317,389	15,146,163	9,489,058


Yusuf H. Shirazi
Chairman


Takeharu Aoki
Chief Executive

PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013
Sales	23	39,153,254	30,274,604
Cost of sales	24	(36,296,009)	(28,827,522)
Gross profit		2,857,245	1,447,082
Distribution and marketing costs	25	(340,556)	(218,707)
Administrative expenses	26	(287,026)	(201,908)
Other income	27	270,548	213,434
Other expenses	28	(364,890)	(524,117)
		(721,924)	(731,298)
Profit from operations		2,135,321	715,784
Finance cost	29	(38,075)	(190,967)
Profit before taxation		2,097,246	524,817
Taxation	30	(1,023,576)	(280,530)
Profit after taxation		1,073,670	244,287
Earnings per share - basic and diluted (Rupees)	34	7.52	1.71

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013 Re-stated
Profit after taxation		1,073,670	244,287
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of net defined benefit liability		(6,591)	(11,441)
Deferred tax on remeasurement of net defined benefit liability		2,307	4,004
		(4,284)	(7,437)
Total comprehensive income for the year		1,069,386	236,850

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2014

Rupees in thousand	Share capital	Share premium	General reserve	Accumulated profit / (loss)	Total
Balance as on April 01, 2012 - As previously reported	1,428,000	76,000	173,500	(532,520)	1,144,980
Effect of change in accounting policy as referred to in note 4.1.1	-	-	-	(17,156)	(17,156)
Balance as on April 01, 2012 - Restated	1,428,000	76,000	173,500	(549,676)	1,127,824
Profit for the year	-	-	-	244,287	244,287
Other comprehensive loss for the year - Restated - refer note 4.1.1	-	-	-	(7,437)	(7,437)
Total comprehensive income for the year	-	-	-	236,850	236,850
Transfer from general reserve	-	-	(173,500)	173,500	-
Balance as on March 31, 2013 - Restated	1,428,000	76,000	-	(139,326)	1,364,674
Profit for the year	-	-	-	1,073,670	1,073,670
Other comprehensive loss for the year	-	-	-	(4,284)	(4,284)
Total comprehensive income for the year	-	-	-	1,069,386	1,069,386
Transactions with owners, recognized directly in equity					
Cash dividend for the year ended March 31, 2013 @ Rs. 0.30 per share	-	-	-	(42,840)	(42,840)
Balance as on March 31, 2014	1,428,000	76,000	-	887,220	2,391,220

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

CASH FLOW STATEMENT

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	31	7,752	5,681,383
Finance cost paid		(50,126)	(160,991)
Employees' retirement benefits and other obligations paid		(38,648)	(27,653)
Net increase in loans to employees		(21,788)	(5,273)
Income tax paid		(688,684)	(729,194)
Royalty paid		(751,855)	(413,392)
Increase in deferred revenue		6,909	4,800
Net cash (used in) / generated from operating activities		(1,536,440)	4,349,680
Cash flows from investing activities			
Purchase of property, plant and equipment		(177,865)	(362,695)
Purchase of intangible assets		(95,779)	(69,249)
Proceeds from sale of property, plant and equipment		17,502	58,544
Interest received		162,809	134,566
Net cash used in investing activities		(93,333)	(238,834)
Cash flows from financing activities			
Repayment of long term finances		-	(166,667)
Dividend paid		(42,724)	(9)
Net cash used in financing activities		(42,724)	(166,676)
Net (decrease) / increase in cash and cash equivalents		(1,672,497)	3,944,170
Cash and cash equivalents at the beginning of the year		4,026,647	82,477
Cash and cash equivalents at the end of the year	32	2,354,150	4,026,647

The annexed notes 1 to 43 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

1. Legal status and nature of business

Honda Atlas Cars (Pakistan) Limited (the 'Company') is a public limited company incorporated in Pakistan on November 4, 1992. The Company is a subsidiary of Honda Motor Co., Ltd., Japan. The Company's ordinary shares are listed on the Karachi, Islamabad and Lahore Stock Exchanges. The registered office of the Company is situated at 1-Mcleod Road, Lahore. Its principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the 'Ordinance') and 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 Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance or the requirements of the said directives prevail.

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

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

2.2.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on April 01, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment has not affected the results or net assets of the Company as it is only concerned with presentation and disclosures.

- IAS 19 (revised) 'Employee Benefits' has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting the opening balance of unappropriated profit and retirement benefit for the prior years presented.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after April 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Employee retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.1.

b) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

c) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.3 Change in accounting estimate

The Company, during the year, has reviewed the useful lives of its property, plant and equipment and intangible assets. This has resulted into revision of useful lives of certain items of plant and machinery and intangible assets from five years to four years. Such a change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the profit before tax for the year ended March 31, 2014 would have been higher by Rs 37.46 million and carrying value of property, plant and equipment and intangible assets as at that date would have been higher by Rs 29.93 million and Rs 7.54 million respectively. Consequently, due to the above change in accounting estimate, future profits before tax would increase by Rs 37.46 million.

4. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Company for its employees are as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

4.1.1 Defined benefit plan

The Company operates a funded defined benefit gratuity scheme for all its permanent employees. Under the scheme, gratuity is payable on the basis of last drawn basic salary at the following rates:

Service in the Company	Per completed year of service
0 - 4 years and 364 days	Nil
5 - 9 years and 364 days	15 days
10 years or more	30 days

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.5% (2013: 6.7%) per annum of basic salary and are charged to profit and loss account. The latest actuarial valuation for the scheme was carried out as at March 31, 2014.

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	12.5% per annum
Expected increase in eligible pay	11.5% per annum
Expected rate of return on plan assets	12.5% per annum

The expected mortality rates assumed are based on the EFU 61-66 mortality table.

The Company is expected to contribute Rs 21.29 million to the gratuity fund in the next year.

IAS 19 (Revised) 'Employee Benefits' amends the accounting for the Company's defined benefit plan. The revised standard has been applied retrospectively in accordance with the transition provisions of the standard. The impact of the adoption of IAS 19 (revised) has been in the following areas:

Effects of change in accounting policy are as follows:

Rupees in thousand	As at March 31, 2013			As at March 31, 2012		
	Before restatement	As re-stated	Re - statement	Before restatement	As re-stated	Re - statement
Deferred Liabilities	-	(37,834)	(37,834)	-	(26,393)	(26,393)
Deferred taxation	1,029,553	1,042,794	13,241	1,144,790	1,154,027	9,237
Accumulated loss	(114,733)	(139,326)	(24,593)	(532,520)	(549,676)	(17,156)

Effect on other comprehensive income:

Rupees in thousand	As at March 31, 2013			As at March 31, 2012		
	Before restatement	As re-stated	Re - statement	Before restatement	As re-stated	Re - statement
Actuarial losses						
recognized - net of tax	-	7,437	7,437	-	17,156	17,156

The effect of the change in accounting policy on the statement of cash flows was immaterial.

4.1.2 Accumulating compensated absences

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to profit.

4.1.3 Defined contribution plan

The Company operates a defined contributory provident fund for all its permanent employees. Contributions are made equally by the Company and the employees at the rate of 10% per annum of the basic salary subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.2 Taxation

Current

Provision for 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 taxation made in 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 amount of assets and liabilities in the financial statements and the corresponding tax bases 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 profits will 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 for the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

4.3 Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on all items of property, plant and equipment except for freehold land and model specific plant and machinery is charged to income applying the diminishing balance method so as to write off the depreciable amount of an asset over its useful life. Depreciation on model specific plant and machinery is provided on a straight line basis so as to write off the depreciable amount of an asset over the life of the model. Depreciation is being charged at the rates given below:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

	Rate
Buildings on freehold land	5%
Plant and machinery	15% to 25%
Furniture and office equipment	20%
Vehicles	20%
Tools and equipments	20%
Computers	35%

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at March 31, 2014 has not required any adjustment.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.4 Intangible assets

Intangible assets, which are stated at cost less accumulated amortization and any identified impairment loss, represent the cost of licenses for the right to manufacture Honda vehicles in Pakistan, technical drawings of certain components and software licenses.

Amortization is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off. Amortization is charged at the annual rates given below:

	Rate
License fees and drawings	20% to 33.33%
Computer software	20% to 33.33%

The assets' useful lives are continually reviewed by the Company and adjusted if impact on amortization is significant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.6).

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.6 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts, assets are written down to their recoverable amounts and the differences are recognized in income currently.

4.7 Financial assets

4.7.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of 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 and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

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 twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

4.7.2 Recognition and measurement

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of 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 carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account 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 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 and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is an 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 is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.18.

4.8 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or 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 the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Stores and spares

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon.

4.11 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued at the lower of weighted average cost and net realizable value. Items in transit are valued at cost comprising of invoice value and other incidental charges paid thereon. Cost of raw materials and trading stock comprises of the invoice value plus other charges paid thereon. Cost of work-in-process and finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads.

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

4.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.13 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. 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 the profit and loss account.

4.14 Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Sales of vehicles and spare parts are recognized as revenue when goods are dispatched and invoiced to the customers.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

4.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an 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 the current best estimate.

4.17 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.18 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.19 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Short term borrowings are shown in current liabilities on the balance sheet.

4.21 Dividend

Dividend distribution to the members is recognized as a liability in the period in which it is approved by the members.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

4.23 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

4.24 Deferred revenue

Amount received on account of sale of extended warranty is recognized initially as deferred revenue and credited to the profit and loss account in the relevant period covered by the warranty.

5. Issued, subscribed and paid up share capital

2014 Number of Shares	2013 Number of Shares		2014 Rupees in thousand	2013 Rupees in thousand
111,400,000	111,400,000	Ordinary shares of Rs 10 each fully paid in cash	1,114,000	1,114,000
31,400,000	31,400,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	314,000	314,000
142,800,000	142,800,000		1,428,000	1,428,000

72,828,000 (2013: 72,828,000) ordinary shares of the Company are held by Honda Motor Co., Ltd., Japan, the holding Company.

Ordinary shares of the Company held by associated undertakings as at year end are as follows:

Number of Shares	2014	2013
Atlas Insurance Limited	850,000	850,000
Shirazi Investments (Private) Limited	10,602,650	10,602,650
Shirazi Capital (Private) Limited	32,517,000	32,517,000
	43,969,650	43,969,650

Rupees in thousand	Note	2014	2013
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	76,000	76,000
Revenue			
General reserve			
- At the beginning of the year		-	173,500
- Transferred to accumulated loss		-	(173,500)
		-	-
		76,000	76,000

6.1 This reserve can be utilized by the Company only for the purposes specified in Section 83(2) of the Ordinance.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	2014	2013 Re-stated
7. Deferred liabilities		
The amounts recognized in the balance sheet are as follows:		
Present value of defined benefit obligation	193,099	162,057
Fair value of plan assets	(148,674)	(124,223)
Closing net liability	44,425	37,834
Opening net liability	37,834	26,393
Current service cost	13,875	13,013
Net interest on defined benefit liability	4,161	4,427
Net remeasurements for the year	6,591	11,441
Payments to fund during the year	(18,036)	(17,440)
Closing net liability	44,425	37,834
The movement in the present value of defined benefit obligation is as follows:		
Opening value of defined benefit obligation	162,057	124,443
Current service cost	13,875	13,013
Interest cost	17,826	17,174
Benefits paid during the year	(9,011)	(4,436)
Remeasurements on obligation	8,352	11,863
Closing value of defined benefit obligation	193,099	162,057
The movement in the fair value of plan assets is as follows:		
Opening fair value of plan assets	124,223	98,050
Expected return on plan assets	13,665	12,747
Contributions	18,036	17,440
Benefits paid during the year	(9,011)	(4,436)
Remeasurements on fair value of plan assets	1,761	422
Closing fair value of plan assets	148,674	124,223
Plan assets are comprised as follows:		
Debt	84,493	19,855
Mutual funds	24,755	16,612
Cash	39,426	87,756
	148,674	124,223

The actual return on the plan assets during the year was Rs 15.43 million (2013: Rs 13.17 million).

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for five years is as follows:

Rupees in thousand	2014	2013	2012	2011	2010
As at March 31					
Present value of defined benefit obligation	(193,099)	(162,057)	(124,443)	(96,980)	(80,769)
Fair value of plan assets	148,674	124,223	98,050	74,238	67,490
Deficit	(44,425)	(37,834)	(26,393)	(22,742)	(13,279)
Experience adjustment:					
- on obligation	4%	7%	4%	6%	-5%
- on plan assets	1%	0%	0%	-6%	7%

8. Short term borrowings - secured

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 4,740 million (2013: Rs 4,740 million). The rates of mark up range from 10.78% to 11.09% per annum (2013: 9.96% to 10.36%) on the balances outstanding. The aggregate short term borrowings are secured by first pari passu hypothecation charge over current assets of the Company.

Of the aggregate facility of Rs 2,505 million (2013: Rs 2,506 million) for opening letters of credit, the amount utilized at March 31, 2014 was Rs 41.47 million (2013: Rs 23.96 million).

Of the aggregate facility of Rs 400 million (2013: Rs 400 million) for guarantees, which is available as a sub-limit of the above mentioned facility for short term borrowings, the amount utilized at March 31, 2014 was Rs 85.21 million (2013: Rs 36.58 million).

Rupees in thousand	Note	2014	2013
9. Accrued mark up			
Accrued mark up on:			
Short term borrowings - secured		595	272
Advances from customers		13,195	91,714
		13,790	91,986

10. Trade and other payables

Creditors	10.1	546,462	789,934
Accrued liabilities		324,837	90,407
Bills payable	10.2	5,390,132	7,280,000
Deposits against display cars	10.3	1,292,778	1,175,652
Accumulating compensated absences	10.4	37,424	31,302
Advances from customers	10.5	1,697,366	3,863,576
License fee, technical fee and royalties	10.6	232,713	258,630
Provision for custom duties		32,169	32,169
Unclaimed dividends		4,896	4,780
Punjab sales tax payable		63,464	39,654
Withholding tax payable		20,827	1,480
Workers' welfare fund		57,008	15,063
Workers' profit participation fund	10.7	112,589	28,415
Others		43,580	35,807
		9,856,245	13,646,869

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

- 10.1** Creditors include amount due to related parties of Rs 36.09 million (2013: Rs 21.67 million).
- 10.2** Bills payable include amount due to related parties of Rs 5,375.51 million (2013: Rs 7,261.71 million).
- 10.3** These represent interest free deposits from dealers against display cars and are repayable on demand.

Rupees in thousand	2014	2013
10.4 Accumulating compensated absences		
Opening balance	31,302	19,917
Accrual for the year	26,734	21,598
Payments made during the year	(20,612)	(10,213)
Closing balance	37,424	31,302

- 10.5** Advances from customers include Rs 1,665.73 million (2013: Rs 3,793.49 million) against the sale of vehicles including sales tax. These advances carry mark up at the rate of 9.96% per annum (2013: 9.21% per annum), being the weighted average rate of three months' market treasury bills as at the end of the year, in accordance with the directive issued by the Engineering Development Board, Government of Pakistan on September 17, 2002. The mark up is calculated and payable on demand of customer, if vehicles are delivered after sixty days from the receipt of such advances.
- 10.6** License fee, technical fee and royalties include amount of Rs 230.28 million (2013: Rs 255.80 million) due to related parties.

Rupees in thousand	Note	2014	2013
10.7 Workers' profit participation fund			
Opening balance		28,415	-
Provision for the year	28	112,589	28,415
Interest for the year		19	-
Payments during the year		(28,434)	-
Closing balance		112,589	28,415

11. Contingencies and commitments

11.1 Contingencies

- (i)** Claims against the Company not acknowledged as debt amount to Rs 9.79 million (2013: Rs 9.79 million). As the management is confident that the matter would be settled in its favour, consequently, no provision has been made in these financial statements in respect of the above mentioned disputed liabilities.
- (ii)** In the previous years, the Company received notices from custom authorities for payment of custom duty and sales tax in respect of certain components of Honda Cars imported during prior years. Custom authorities interpreted that Completely Built Unit (CBU) rate of duty was applicable on such components and thus raised a demand of Rs 110 million. It included Rs 96 million on account of custom duty and Rs 14 million on account of sales tax.

The Company approached custom authorities on the grounds that the components specified in the above mentioned notices included certain components which were duly appearing in the indigenization program of the Company for the relevant period. Hence, CBU rate of duty was not applicable on import of these components. The Company has made a provision of Rs 32 million against the total demand of Rs 110 million.

As the management is confident that the matter would be settled in its favour, consequently, no provision for the balance amount has been made in these financial statements in respect of the above mentioned notices.

- (iii) Custom, Excise and Sales Tax Appellate Tribunal (Appellate Tribunal) endorsed the demand of Rs 1,105.04 million earlier raised against the Company on account of custom duty, sales tax and income tax on the grounds that 'license fee' and 'royalty' paid to M/s Honda Motor Co., Ltd., Japan was includable in the 'import value' of 'completely knocked down' kits of vehicles assembled by the Company and parts thereof.

The Company further agitated the matter before honourable Lahore High Court that is pending adjudication. In this respect, interim relief has been extended by honourable Court and the Custom authorities have been refrained from enforcing the recovery of the amount adjudged against the Company. No provision on this account has been made in these financial statements as the Company's management considers that its stance is founded on meritorious grounds and relief will be secured from higher appellate fora. In this respect, it is the Company's contention that subject amount of 'royalty' and 'license fee' were relatable to the Company's manufacturing facilities and not the goods imported by it and hence such amounts cannot be considered as part and parcel of import value.

In addition to above, another demand of Rs 110.93 million, raised on substantially similar grounds in respect of imports affected during the period from June 2008 to March 2009, have been endorsed by Collector (Appeals) and the Company has preferred an appeal before Appellate Tribunal against such demand. In this respect also, based on Company's request, interim relief has been extended to the Company by honourable High Court and the Custom authorities have been refrained from enforcing the recovery of the amount adjudged against the Company. While Appellate Tribunal is not likely to extend any relief on this account due to its earlier decision on the matter, the liability on this account has not been recognized in these financial statements as management expects a relief from higher appellate fora, as explained above.

Similarly, the Company has preferred an appeal before Appellate Tribunal against another demand of Rs 523.72 million endorsed by Collector (Appeals) on substantially similar grounds in respect of imports affected during the period from April 2009 to December 2010. While Appellate Tribunal is not likely to extend any relief on this account due to its earlier decision on the matter, the liability on this account has not been recognized in these financial statements as management expects a relief from higher appellate fora, as explained above.

11.2 Commitments in respect of

- (i) Letters of credit and purchases for capital expenditure amounts to Rs 0.62 million (2013: Nil).
- (ii) Letters of credit and purchases, other than capital expenditure, amounts to Rs 1,068.43 million (2013: Rs 687.13 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

12. Property, plant and equipment

Rupees in thousand	2014							
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and office equipment	Vehicles	Tools and equipments	Computers	Total
At April 01, 2013								
Cost	417,319	1,956,350	4,822,601	114,677	189,104	79,913	66,061	7,646,025
Accumulated depreciation	-	758,518	3,296,870	78,107	55,880	53,988	46,884	4,290,247
Net Book Value	417,319	1,197,832	1,525,731	36,570	133,224	25,925	19,177	3,355,778
Year ended March 31, 2014								
Opening net book value	417,319	1,197,832	1,525,731	36,570	133,224	25,925	19,177	3,355,778
Additions at cost	-	324	27,901	19,673	63,425	33,811	15,976	161,110
Disposals								
Cost	-	-	5,608	1,338	29,642	1,343	8,476	46,407
Accumulated depreciation	-	-	5,411	1,201	14,994	1,275	8,221	31,102
	-	-	197	137	14,648	68	255	15,305
Depreciation for the year	-	59,900	508,065	9,405	33,331	7,982	9,833	628,516
Closing net book value	417,319	1,138,256	1,045,370	46,701	148,670	51,686	25,065	2,873,067
At March 31, 2014								
Cost	417,319	1,956,674	4,844,894	133,012	222,887	112,381	73,561	7,760,728
Accumulated depreciation	-	818,418	3,799,524	86,311	74,217	60,695	48,496	4,887,661
Net Book Value	417,319	1,138,256	1,045,370	46,701	148,670	51,686	25,065	2,873,067
2013								
At April 01, 2012								
Cost	417,319	1,954,366	4,701,669	103,769	142,725	79,807	52,354	7,452,009
Accumulated depreciation	-	695,506	3,254,810	72,902	73,083	56,524	43,429	4,196,254
Net Book Value	417,319	1,258,860	1,446,859	30,867	69,642	23,283	8,925	3,255,755
Year ended March 31, 2013								
Opening net book value	417,319	1,258,860	1,446,859	30,867	69,642	23,283	8,925	3,255,755
Additions at cost	-	1,984	526,531	14,176	116,409	9,493	15,720	684,313
Disposals								
Cost	-	-	405,599	3,268	70,030	9,387	2,013	490,297
Accumulated depreciation	-	-	405,210	2,718	41,090	7,773	1,923	458,714
	-	-	389	550	28,940	1,614	90	31,583
Depreciation for the year	-	63,012	447,270	7,923	23,887	5,237	5,378	552,707
Closing net book value	417,319	1,197,832	1,525,731	36,570	133,224	25,925	19,177	3,355,778
At March 31, 2013								
Cost	417,319	1,956,350	4,822,601	114,677	189,104	79,913	66,061	7,646,025
Accumulated depreciation	-	758,518	3,296,870	78,107	55,880	53,988	46,884	4,290,247
Net Book Value	417,319	1,197,832	1,525,731	36,570	133,224	25,925	19,177	3,355,778

12.1 Plant and machinery includes dies and moulds having book value of Rs 138.68 million (2013: Rs 267.75 million) which are in possession of various vendors of the Company as these dies and moulds are used by the vendors for producing certain parts for supply to the Company.

Rupees in thousand	Note	2014	2013
12.2 The depreciation charge has been allocated as follows:			
Cost of sales	24	590,689	523,962
Distribution and marketing costs	25	13,742	10,856
Administrative expenses	26	24,085	17,888
		628,516	552,707

12.3 Disposal of property, plant and equipment

Rupees in thousand		2014				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Furniture and office equipments						
Employee						
	Aamir H. Shirazi	26	17	9	9	As per Company policy
	Assets written off	1,312	1,184	128	-	Assets written off
Vehicles						
Employees						
	Yusuf H. Shirazi	3,215	2,133	1,082	1,154	As per Company policy
	Aamir H. Shirazi	3,432	2,277	1,155	1,178	-do-
	Tariq Rashed	1,452	963	489	461	-do-
	Muhammad Nauman	1,452	963	489	461	-do-
	Muhammad Rafi	1,452	963	489	470	-do-
	Syed Waseem Hasan	1,365	661	704	695	-do-
	Aneel Anwar	1,365	661	704	695	-do-
	Muhammad Ajmal	1,365	661	704	695	-do-
	Jamshaid Tahir	1,559	329	1,230	1,222	-do-
	Abdul Qudoos Abbasi	1,548	232	1,316	1,345	-do-
	Ishtiaq H Bokhari (Ex- employee)	2,051	361	1,690	1,645	-do-
	Adeel Bokhari (Ex- employee)	1,540	257	1,283	1,372	-do-
Outsiders						
	Izhar Construction	3,432	2,297	1,135	3,488	Auction
	Abdul Qadir	3,000	1,863	1,137	1,206	-do-
	Atlas Insurance	1,414	373	1,041	1,400	Insurance claim
Plant and machinery	Assets written off	5,608	5,411	197	-	Assets written off
Tools and equipments						
Employee						
	Mahmood Ullah (Ex- employee)	32	26	6	6	As per Company policy
	Assets written off	1,311	1,249	62	-	Assets written off
Computers	Assets written off	8,476	8,221	255	-	Assets written off
		46,407	31,102	15,305	17,502	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand		2013				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Furniture and office equipments						
Employees						
	Amjad Ali Khan (Ex-employee)	32	17	15	14	As per Company policy
	Ishtiaq Hussain Bokhari (Ex-employee)	44	17	27	28	Auction
Outsider						
	Bagh Ali	128	95	33	45	-do-
	Assets written off	3,064	2,589	475	-	Assets written off
Vehicles						
Employees						
	Amjad Ali Khan (Ex-employee)	1,451	744	707	671	As per Company policy
	Basharat Ali Rana	1,310	867	443	444	-do-
	Sohail Nawaz	1,788	695	1,093	1,113	-do-
	Zulfiqar Ali	1,644	639	1,005	1,037	-do-
	M Ashraf	1,431	947	484	486	-do-
	Asif Mehmood	1,310	867	443	444	-do-
	Amir Nazir	1,352	599	753	737	-do-
	Imran Farooq	1,310	867	443	444	-do-
	Ayaz Mahmood (Ex-employee)	1,305	897	408	417	-do-
	Ahmad Umair Wajid	1,710	602	1,108	1,121	-do-
	Maqsood ur Rehman	1,562	939	623	665	-do-
	Ishtiaq H Bokhari (Ex-employee)	1,644	639	1,005	1,037	-do-
	Ayaz Hafeez	1,430	947	483	486	-do-
	Nadeem Azam	1,311	868	443	444	-do-
Outsiders						
	Muhammad Uzair	8,855	4,012	4,843	7,644	Auction
	Sajid Latif	886	614	272	671	-do-
	Rizwan Hafeez Butt	5,378	4,106	1,272	4,160	-do-
	Farhan Rashid	1,296	709	587	809	-do-
	Farhan Makhdoom Khan	886	614	272	800	-do-
	Abdul Majid	2,592	1,418	1,174	2,010	-do-
	Muhammad Shahbaz Khan	1,296	709	587	970	-do-
	Bilal Farooq	1,265	506	759	1,207	-do-
	Asif Aman	1,265	506	759	1,165	-do-
	Muhammad Iqbal	4,751	3,324	1,427	5,030	-do-
	Mirza M. Zia ul Hassan	951	738	213	990	-do-
	Ali Haider	861	628	233	815	-do-
	Sarwar Naseem	886	609	277	862	-do-
	Asim Majeed	447	347	100	392	-do-
	Shehryar Abbas Baloch	1,430	956	474	1,385	-do-
	Amir Saeed Bhatti	765	649	116	710	-do-
	Naveed Ahmad	1,353	395	958	1,390	-do-
	Javed Sarwar Qureshi	1,430	956	474	1,410	-do-
	Muhammad Ammar	1,176	1,005	171	1,006	-do-
	Muhammad Sarwar	380	264	116	411	-do-
	Akbar Khan	435	408	27	322	-do-
	Nosheen Iqbal	3,165	1,993	1,172	3,380	-do-
Plant and machinery						
Outsiders						
	Hamza Ijaz	1,342	1,302	40	691	Auction
	Pak Traders	397,662	397,662	-	6,852	-do-
	Atlas Copco Pakistan (Pvt) Limited	5,203	5,086	117	388	Negotiation
	Assets written off	1,392	1,160	232	-	Assets written off
Tools and equipments						
Outsider						
	Omer Jibrán	181	101	80	160	Negotiation
	Assets written off	9,206	7,672	1,534	-	Assets written off
Computers						
	Assets written off	2,013	1,923	90	-	Assets written off
		490,297	458,714	31,583	58,544	

13. Intangible assets

Rupees in thousand	2014		
	License fees & drawings	Computer softwares	Total
At April 01, 2013			
Cost	300,721	2,120	302,841
Accumulated amortization	162,532	753	163,285
Net Book Value	138,189	1,367	139,556
Year ended March 31, 2014			
Opening net book value	138,189	1,367	139,556
Additions	4,797	-	4,797
Amortization for the year	57,370	552	57,922
Closing net book value	85,616	815	86,431
At March 31, 2014			
Cost	305,518	2,120	307,638
Accumulated amortization	219,902	1,305	221,207
Net Book Value	85,616	815	86,431
2013			
At April 01, 2012			
Cost	387,888	6,603	394,491
Accumulated amortization	331,818	6,307	338,125
Net Book Value	56,070	296	56,366
Year ended March 31, 2013			
Opening net book value	56,070	296	56,366
Additions	128,613	1,275	129,888
Disposals			
Cost	215,780	5,758	221,538
Accumulated amortization	215,780	5,758	221,538
	-	-	-
Amortization for the year	46,494	204	46,698
Closing net book value	138,189	1,367	139,556
At March 31, 2013			
Cost	300,721	2,120	302,841
Accumulated amortization	162,532	753	163,285
Net Book Value	138,189	1,367	139,556

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

13.1 The amortization charge has been allocated as follows:

Rupees in thousand	Note	2014	2013
Cost of sales	24	57,143	46,267
Distribution and marketing costs	25	127	169
Administrative expenses	26	652	262
		57,922	46,698

14. Capital work-in-progress

Plant and machinery		543	52
Civil works		20,349	900
Other tangible assets		3,720	6,905
Intangible assets		56,681	-
		81,293	7,857

15. Long term loans and advances

Loans to employees - considered good			
- Executives	15.1	42,150	21,056
- Others		31,219	30,525
		73,369	51,581
Receivable within one year			
- Executives		(9,637)	(4,887)
- Others		(10,960)	(9,505)
	20	(20,597)	(14,392)
		52,772	37,189

15.1 Executives

Opening balance		21,056	14,057
Disbursements during the year		33,876	11,730
		54,932	25,787
Repayments during the year		(12,782)	(4,731)
		42,150	21,056

Loans to employees comprise of staff welfare loan, associate loan and car loan.

Staff welfare loans carry interest at the rate of 10.5% per annum (2013: 10% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

Associate loans are interest free and are repayable between 2 to 4 years.

Car loans carry interest ranging from 1% to 4% per annum and are recoverable within a maximum period of 6 years commencing from the date of disbursement through monthly deductions from salaries.

All of these loans are secured against retirement benefits of employees and their guarantors and are granted to the employees of the Company in accordance with their terms of employment.

The maximum aggregate amount due from executives at the end of any month during the year was Rs 42.80 million (2013: Rs 24.26 million).

Rupees in thousand	Note	2014	2013 Re-stated
16. Deferred taxation			
Deferred tax is calculated in full on temporary differences under the balance sheet liability method using a tax rate of 35%			
Deferred tax asset as at April 01		1,042,794	1,154,027
Credited to other comprehensive income		2,307	4,004
Charged to profit and loss account for the year	30	(651,863)	(115,237)
Deferred tax asset as at March 31		393,238	1,042,794
The deferred tax asset comprises of temporary differences arising due to:			
Accelerated tax depreciation		(328,649)	(454,863)
Unused tax losses carried forward		695,079	1,473,157
Deferred liabilities		15,549	13,241
Others		11,259	11,259
		393,238	1,042,794

- 16.1** The Company has not recognized deferred tax asset in respect of the tax credit available under section 113 of the Income Tax Ordinance, 2001 of Rs 622.75 million (2013: 520.70 million) in view of the management's estimate that sufficient taxable temporary differences may not be available to utilize these tax credits before these are set to expire.

17. Stores and spares

Most of the items of stores and spares are of interchangeable nature and can be used as machine spares or consumed as stores. Accordingly, it is not practicable to distinguish stores from spares until their actual usage.

Spares amounting to Rs 7.87 million (2013: Rs 9.75 million) are in the possession of various vendors which relate to the dies and moulds.

Rupees in thousand	2014	2013
18. Stock-in-trade		
Raw materials including in transit Rs 1,089.23 million (2013: Rs 1,591.10 million)	2,175,022	2,716,283
Work in process	345,226	288,108
Finished goods		
- Own manufactured	901,424	940,662
- Trading stock including in transit Rs 37.5 million (2013: Rs 47.82 million)	430,868	366,499
	3,852,540	4,311,552

- 18.1** Raw materials amounting to Rs 130.09 million (2013: Rs 87.92 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.
- 18.2** Finished goods at sale value amounting to Rs 838.79 million (2013: Rs 742.17 million) are in the possession of various dealers as consignment stock for display at dealerships.
- 18.3** The above balances include items costing Rs 82.86 million (2013: Rs 2,189.76 million) valued at their Net Realizable Value (NRV) amounting to Rs 79.45 million (2013: Rs 2,178 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013
19. Trade debts - unsecured			
Considered good		-	-
Considered doubtful		16,142	16,142
Provision for doubtful debts		(16,142)	(16,142)
		-	-
		-	-
20. Loans, advances, prepayments and other receivables			
Current portion of loans to employees	15	20,597	14,392
Advances - considered good:			
- to employees	20.1	311	300
- to suppliers and contractors		245,741	236,396
		246,052	236,696
Due from related parties - considered good	20.2	7,106	37,519
Recoverable from government authorities:			
- Income tax		1,577,882	1,260,911
- Sales tax		576,927	447,920
- Custom duty		39,098	39,098
		2,193,907	1,747,929
Prepayments		6,739	5,417
Profit receivable on bank deposits		14,945	17,949
Other receivables - considered good	20.3	14,305	45,200
		2,503,651	2,105,102

20.1 Included in advances to employees is an amount of Nil (2013: Rs 0.21 million) due from the chief executive and Rs 0.27 million (2013: Rs 0.11 million) due from executives.

Rupees in thousand	2014	2013
20.2 Due from related parties - considered good		
Honda Motor Co., Ltd., Japan	1,123	3,448
Honda Automobile (Thailand) Company Limited	4,933	12,477
Honda Cars Philippines, Inc.	-	27
Honda Trading Corporation, Japan	62	18
Honda Auto parts Manufacturing (M) SDN. BHD, Malaysia	424	391
Asian Honda Motor Company, Thailand	221	20,979
Honda Malaysia SDN. BHD. Malaysia	214	22
P.T. Honda Prospect Motor Indonesia	66	15
Honda Parts Manufacturing Corporation Philippines	-	23
P.T. Honda Precision Parts Manufacturing, Indonesia	63	-
American Honda Motor Co., Inc	-	119
	7,106	37,519

20.2.1 These are in the normal course of business and are interest free.

20.3 Other receivables include an amount of Rs 0.88 million (2013: Rs 1.22 million) due from Atlas Insurance Limited, a related party. It is in the normal course of business and is interest free.

21. Short term investments

This represents investment in Market Treasury Bills of Government of Pakistan which has been disposed off during the current year.

Rupees in thousand	Note	2014	2013
22. Cash and bank balances			
At banks on :			
- Current accounts		6,765	7,805
- Deposit accounts	22.1	2,345,741	3,525,320
		2,352,506	3,533,125
Cash in hand		1,644	1,842
		2,354,150	3,534,967

22.1 Balances in deposit accounts bear mark up which ranges from 7.00% to 9.40% (2013: 6.00% to 9.12%) per annum.

Rupees in thousand	2014	2013
23. Sales		
Sales - Own manufactured goods	44,892,630	34,286,981
Sales tax	(6,431,876)	(4,727,087)
Commission to dealers	(663,024)	(501,565)
Discounts to customers	-	(29,030)
	37,797,730	29,029,299
Sales - Trading goods	1,566,916	1,448,248
Sales tax	(208,242)	(199,513)
Commission to dealers	(3,150)	(3,430)
	1,355,524	1,245,305
	39,153,254	30,274,604

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013
24. Cost of sales			
Raw material consumed		33,027,802	26,474,350
Stores and spares consumed		120,181	114,071
Salaries, wages and benefits	24.1	523,673	326,464
Fuel and power		139,530	104,389
Insurance		40,355	41,049
Travelling and vehicle running		78,527	64,028
Freight and handling		27,803	64,174
Repairs and maintenance		33,855	20,800
Technical assistance		23,861	23,078
Depreciation on property, plant and equipment	12.2	590,689	523,962
Amortization on intangible assets	13.1	57,143	46,267
Royalty		678,482	680,579
Canteen subsidy		25,868	19,791
Other expenses		2,727	1,258
		35,370,496	28,504,260
Opening stock of work-in-process		288,108	323,572
Closing stock of work-in-process		(345,226)	(288,108)
		(57,118)	35,464
Cost of goods manufactured		35,313,378	28,539,724
Own work capitalized		(24,756)	(79,902)
Cost of damaged cars		(14,109)	(4,668)
		35,274,513	28,455,154
Opening stock of finished goods		940,662	334,006
Closing stock of finished goods		(901,424)	(940,662)
		39,238	(606,656)
Cost of sales - Own manufactured		35,313,751	27,848,498
Cost of sales - Trading goods		982,258	979,024
		36,296,009	28,827,522

24.1 Salaries, wages and benefits include following amounts in respect of gratuity:

Current service cost	8,309	7,346
Net interest on defined benefit liability	2,491	2,499
	10,800	9,845

In addition to above, salaries, wages and benefits include Rs 13.51 million (2013: Rs 11.64 million) on account of provident fund contributions.

Rupees in thousand	Note	2014	2013
25. Distribution and marketing costs			
Salaries, wages and benefits	25.1	96,458	63,843
Fuel and power		3,615	3,241
Insurance		6,328	5,108
Travelling and vehicle running		17,234	13,959
Freight and handling		13,097	11,321
Repairs and maintenance		9,376	5,218
Printing and stationery		6,887	4,990
Warranty costs		18,938	20,632
Advertising and sales promotion		134,344	61,631
Depreciation on property, plant and equipment	12.2	13,742	10,856
Amortization on intangible assets	13.1	127	169
Training expenses		3,487	1,577
Canteen subsidy		2,067	1,539
Free service claims		5,768	3,504
Rent, rates and taxes		5,574	5,363
Other expenses		3,514	5,756
		340,556	218,707

25.1 Salaries, wages and benefits include following amounts in respect of gratuity:

Current service cost	2,154	2,043
Net interest on defined benefit liability	647	695
	2,801	2,738

In addition to above, salaries, wages and benefits include Rs 3.00 million (2013: Rs 2.63 million) on account of provident fund contributions.

Rupees in thousand	Note	2014	2013
26. Administrative expenses			
Salaries, wages and benefits	26.1	169,661	113,770
Fuel and power		5,446	5,994
Insurance		5,092	4,403
Travelling and vehicle running		25,560	24,025
Repairs and maintenance		9,231	4,167
Printing and stationery		3,859	3,477
Communications		4,121	3,447
Postage		4,502	4,109
Advertising		7,985	1,837
Auditors' remuneration	26.2	8,442	5,110
Legal and professional charges		8,298	4,029
Depreciation on property, plant and equipment	12.2	24,085	17,888
Amortization on intangible assets	13.1	652	262
Fees and subscription		1,576	1,478
Canteen subsidy		3,877	3,774
Security expenses		2,389	2,085
Other expenses		2,250	2,053
		287,026	201,908

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	2014	2013
26.1 Salaries, wages and benefits include following amounts in respect of gratuity:		
Current service cost	3,412	3,624
Net interest on defined benefit liability	1,023	1,233
	4,435	4,857

In addition to above, salaries, wages and benefits include Rs 4.39 million (2013: Rs 4.03 million) on account of provident fund contributions.

Rupees in thousand	Note	2014	2013
26.2 Auditors' remuneration			
The charges for professional services include the following in respect of auditors' services for:			
Statutory audit		1,245	1,150
Half yearly review		350	300
Taxation services		5,437	2,922
Royalty audit, certificates for remittance of foreign currency and sundry services		964	375
Out of pocket expenses		446	363
		8,442	5,110

27. Other income

Income from financial assets:			
Profit on bank deposits		148,155	141,550
Profit on loans to employees		4,332	3,705
Gain on financial asset at fair value through profit or loss			
- Realized		18,499	-
- Un-realized		-	2,180
		18,499	2,180
		170,986	147,435
Income from non-financial assets:			
Profit on disposal of property, plant and equipment		2,197	26,961
Profit on advances to suppliers		7,318	4,929
Liabilities no longer payable written back		62,018	1,999
Freight income		21,900	25,712
Others		6,129	6,398
		99,562	65,999
		270,548	213,434

28. Other expenses

Workers' welfare fund		41,945	15,063
Workers' profit participation fund	10.7	112,589	28,415
Exchange loss		207,296	480,639
Loss on scrap assets		3,060	-
		364,890	524,117

Rupees in thousand	Note	2014	2013
29. Finance cost			
Interest and mark up on:			
- Long term finances		-	15,491
- Short term borrowings		16,530	65,178
- Advances from customers		17,399	106,811
- Workers' profit participation fund		19	-
Bank charges		4,127	3,487
		38,075	190,967

30. Taxation			
Current			
- For the year		368,541	165,293
- Prior years		3,172	-
		371,713	165,293
Deferred	16	651,863	115,237
		1,023,576	280,530

%age	2014	2013
------	------	------

30.1 Tax charge reconciliation			
Numerical reconciliation between the average effective tax rate and the applicable tax rate.			
Applicable tax rate as per Income Tax Ordinance, 2001		34.00	35.00
Tax effect of:			
- change in prior years' tax		0.15	-
- change in tax rate		1.00	-
- minimum tax not carried forward		16.12	34.45
- tax credit allowed		(0.30)	(10.21)
- lower tax rates / final tax regime and others		(2.21)	(5.79)
Other rounding off differences		0.05	-
		14.81	18.45
Average effective tax rate charged to profit and loss account		48.81	53.45

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	Note	2014	2013
31. Cash generated from operations			
Profit before taxation		2,097,246	524,817
Adjustments for:			
Depreciation on property, plant and equipment		628,516	552,707
Profit on disposal of property, plant and equipment		(2,197)	(26,961)
Profit on bank deposits		(148,155)	(141,550)
Profit on advances to suppliers		(7,318)	(4,929)
Profit on loans to employees		(4,332)	(3,705)
Liabilities no longer payable written back		(62,018)	(1,999)
Finance cost		33,948	187,480
Provision for employees' retirement benefits and other obligations		44,770	39,038
Amortization on intangible assets		57,922	46,698
Royalty		765,780	589,336
Working capital changes	31.1	(3,396,410)	3,920,451
		7,752	5,681,383

31.1 Working capital changes

Decrease / (Increase) in current assets			
- Stores and spares		(559)	(3,507)
- Stock-in-trade		459,012	(1,458,029)
- Loans, advances, prepayments and other receivables		(78,377)	57,418
		380,076	(1,404,118)
(Decrease) / Increase in current liabilities			
- Trade and other payables		(3,776,486)	5,324,569
		(3,396,410)	3,920,451

32. Cash and cash equivalents

Cash and bank balances		2,354,150	3,534,967
Short term investments		-	491,680
		2,354,150	4,026,647

33. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, certain directors and other executives of the Company is as follows:

Rupees in thousand	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Managerial remuneration	559	613	8,266	7,577	83,482	73,644
House rent and utilities	2,251	1,453	5,985	5,408	46,790	41,096
Bonus	-	-	7,331	1,364	70,173	14,952
Reimbursement of medical expenses	167	22	-	-	1,044	939
Employees' retirement benefits	-	-	2,055	1,943	18,110	16,427
Other allowances and expenses	8,086	6,053	16,869	7,323	20,391	13,231
	11,063	8,141	40,506	23,615	239,990	160,289
Number of persons	1	1	2	2	82	80

33.1 The Chief Executive, certain directors and executives of the Company are provided with free use of Company maintained cars and furnished accommodation.

		2014	2013
34.	Earnings per share		
34.1	Basic earnings per share		
	Net profit for the year	Rupees in thousand 1,073,670	244,287
	Weighted average number of ordinary shares	Number in thousand 142,800	142,800
	Basic earnings per share	Rupees 7.52	1.71

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2014 and March 31, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

35. Operating segments

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

35.1 The management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

(a) Manufacturing

This segment relates to the sale of locally manufactured cars and parts.

(b) Trading

This segment relates to the trading of Completely Built Units (CBUs) and parts.

35.2 Segment information

Rupees in thousand	Manufacturing		Trading		Total	
	2014	2013	2014	2013	2014	2013
Segment revenue	37,797,730	29,029,299	1,355,524	1,245,305	39,153,254	30,274,604
Segment expenses						
- Cost of sales	(35,313,751)	(27,848,498)	(982,258)	(979,024)	(36,296,009)	(28,827,522)
Gross profit	2,483,979	1,180,801	373,266	266,281	2,857,245	1,447,082
Distribution and marketing costs					(340,556)	(218,707)
Administrative expenses					(287,026)	(201,908)
Other income					270,548	213,434
Other expenses					(364,890)	(524,117)
Finance cost					(38,075)	(190,967)
Profit before taxation					2,097,246	524,817
Taxation					(1,023,576)	(280,530)
Profit after taxation					1,073,670	244,287

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

35.2.1 Segment wise assets and liabilities are not being reviewed by the CODM.

36. Financial risk management

36.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. 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 the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Japanese Yen (JPY) and Thai Baht (THB). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to foreign entities. The Company's exposure to currency risk is as follows:

(In thousand)	2014	2013
Cash and bank balances - USD	781	65
Other receivables - USD	38	251
Trade and other payables - USD	(53,052)	(70,946)
Net exposure - USD	(52,233)	(70,630)
Other receivables - JPY	1,156	3,270
Trade and other payables - JPY	(139,812)	(263,591)
Net exposure - JPY	(138,656)	(260,321)
Other receivables - THB	793	2,925
Trade and other payables - THB	(15,994)	(18,737)
Net exposure - THB	(15,201)	(15,812)

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD, JPY and THB with all other variables held constant, the impact on post tax profit for the year would have been Rs 34.64 million (2013: Rs 47.39 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

(ii) Price risk

The Company is neither exposed to equity securities price risk nor commodity price risk.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from short term investments. Short term investments held at fair value through profit or loss expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was:

Rupees in thousand	2014	2013
Fixed rate instruments		
Financial assets		
Long term loans and advances	73,369	51,581
Short term investments	-	491,680
Cash at bank - deposit accounts	2,345,741	3,525,320
	2,419,110	4,068,581
Financial liabilities	-	-
Net exposure	2,419,110	4,068,581
Floating rate instruments		
Financial assets	-	-
Financial liabilities	-	-
Net exposure	-	-

Fair value sensitivity analysis for fixed rate instruments

As at March 31, 2014, if market interest rates had been 0.1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs 1.30 million (2013: Rs 0.32 million).

Cash flow sensitivity analysis for variable rate instruments

As at March 31, 2014, the Company does not hold any variable rate financial instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk of the Company arises from deposits with banks, trade debts, investments, loans and advances and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	2014	2013
Long term deposits	4,042	4,042
Loans, advances and other receivables	29,250	63,149
Balances with banks	2,352,506	3,533,125
	2,385,798	3,600,316

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a significant number of counter parties.

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2014	2013
	Short term	Long term		Rupees in thousand	
Citibank N.A.	P-2	A3	Moody's	226,970	167,444
Deutsche Bank A.G.	A-1	A	S&P	3,541	890
Faysal Bank Limited	A1+	AA	PACRA	1,632	1,880
Habib Bank Limited	A-1+	AAA	JCR-VIS	357	316
MCB Bank Limited	A1+	AAA	PACRA	101,886	74,436
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,518	1,151
Soneri Bank Limited	A1+	AA-	PACRA	1,274,459	2,134,796
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	238,880	94,110
The Bank of Tokyo - Mitsubishi UFJ, Limited	A-1	A+	S&P	502,049	1,052,603
United Bank Limited	A-1+	AA+	JCR-VIS	1,213	5,499
				2,352,506	3,533,125

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Furthermore, the holding company, Honda Motor Co., Ltd., Japan, through its associated company has provided liquidity support to the Company in form of credit payments on some of the CKD material supplies. At March 31, 2014, the Company had Rs 4,740 million available borrowing limits from financial institutions and Rs 2,354.15 million cash and bank balances.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2014				
Accrued mark up	13,790	13,790	-	-
Trade and other payables	7,872,822	7,872,822	-	-
	7,886,612	7,886,612	-	-

Rupees in thousand	Carrying amount	Less than one year	One to five years	More than five years
At March 31, 2013				
Accrued mark up	91,986	91,986	-	-
Trade and other payables	9,666,512	9,666,512	-	-
	9,758,498	9,758,498	-	-

36.2 Fair value estimation

The different levels for fair value estimation used by the Company have been explained as follows:

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

The Market Treasury Bills held by the Company are included in Level 1. The Company does not hold any instruments which can be included in Level 2 and Level 3 as on March 31, 2014.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on March 31, 2014.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

36.3 Financial instruments by categories

Rupees in thousand	At fair value through profit or loss	Loans and receivables	Total
As at March 31, 2014			
Assets as per balance sheet			
Long term loans and advances	-	73,369	73,369
Long term deposits	-	4,042	4,042
Loans, advances and other receivables	-	36,356	36,356
Cash and bank balances	-	2,354,150	2,354,150
	-	2,467,917	2,467,917

As at March 31, 2013			
Assets as per balance sheet			
Long term loans and advances	-	51,581	51,581
Long term deposits	-	4,042	4,042
Loans, advances and other receivables	-	100,668	100,668
Investments	491,680	-	491,680
Cash and bank balances	-	3,534,967	3,534,967
	491,680	3,691,258	4,182,938

Rupees in thousand	2014	2013
Financial liabilities at amortized cost		
Liabilities as per balance sheet		
Accrued mark up	13,790	91,986
Trade and other payables	7,872,822	9,666,512
	7,886,612	9,758,498

36.4 Capital risk 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 members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, issue new shares and other measures commensurate to the circumstances. The Company monitors the capital structure on the basis of gearing ratio. However as at March, 31 2014 and March 31, 2013 there are no borrowings and the entire capital is represented by equity as shown in the balance sheet.

37. Transactions with related parties

The related parties comprise holding company, fellow subsidiaries, associated undertakings, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Rupees in thousand	Holding Company	Other related parties	Total
For the year ended March 31, 2014			
Purchase of goods	3,702,504	16,332,391	20,034,895
Purchase of property, plant and equipment	-	3,934	3,934
Purchase of intangible assets	50,091	1,057	51,148
Sale of goods	-	64,288	64,288
Insurance premium	-	271,357	271,357
Insurance claims	-	27,862	27,862
Royalty	757,171	4,300	761,471
Technical assistance and training charges	881	22,676	23,557
Expense charged to post retirement benefits	-	38,937	38,937
Key management personnel	-	126,574	126,574
For the year ended March 31, 2013			
Purchase of goods	4,393,272	12,889,245	17,282,517
Purchase of property, plant and equipment	16,825	155,838	172,663
Purchase of intangible assets	77,004	-	77,004
Sale of goods	-	106,087	106,087
Insurance premium	-	230,405	230,405
Insurance claim	-	12,241	12,241
Royalty	583,091	2,940	586,031
Technical assistance and training charges	2,864	25,991	28,855
Expense charged to post retirement benefits	-	35,749	35,749
Key management personnel	-	80,082	80,082

38. Plant capacity and actual production

Number	Capacity		Production	
	2014	2013	2014	2013
Motor vehicles	50,000	50,000	23,223	19,387

The Company has a capacity of producing 50,000 motor vehicles per annum on double shift basis. Under utilization of capacity was due to lower demand of certain products.

	2014	2013
39. Number of employees		
Total number of employees as at March 31	771	709
Average number of employees during the year	756	703

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended March 31, 2014

Rupees in thousand	2014	2013
40. Disclosures relating to Provident Fund		
(i) Size of the Fund	230,248	193,435
(ii) Cost of investments made	189,281	159,190
(iii) Percentage of investments made	89.61%	88.43%
(iv) Fair value of investments	206,332	171,050
Break up of investments		
Special accounts in a scheduled bank	42,952	17,062
Term Finance Certificates	25,419	20,093
Government securities	78,763	83,441
Listed securities	59,198	50,454
% age of size of the Fund	2014	2013
Break up of investments		
Special accounts in a scheduled bank	18.65%	8.82%
Term Finance Certificates	11.04%	10.39%
Government securities	34.21%	43.14%
Listed securities	25.71%	26.08%

The figures for 2014 are based on the un-audited financial statements of the Provident Fund. Investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

41. Date of authorization for issue

These financial statements were authorized for issue on May 15, 2014 by the Board of Directors of the Company.

42. Events after the balance sheet date

The Board of Directors have proposed a final cash dividend for the year ended March 31, 2014 of Rs 3.0 (2013: Rs 0.30) per share, amounting to Rs 428.4 million (2013: Rs 42.84 million) and a transfer of Rs 450.0 million to General reserve at their meeting held on May 15, 2014 for approval of the members at the Annual General Meeting to be held on June 26, 2014. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.

43. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Yusuf H. Shirazi
Chairman



Takeharu Aoki
Chief Executive

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 22nd Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Thursday, June 26, 2014 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road, Lahore to transact the following business:

1. To confirm the minutes of the Annual General Meeting held on Thursday June 27, 2013;
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2014 together with the Directors' and Auditors' reports thereon;
3. To approve cash dividend @ 30% (Rs 3/- per share) for the year ended March 31, 2014 as recommended by the Board of Directors;
4. To appoint Auditors for the next financial year and fix their remuneration.

Special business:

5. To approve the additional remuneration of Chairman & Executive directors for the year 2013-14 and remuneration for the year 2014-15 and adopt the following special resolution:

"Resolved that the additional remuneration of Chairman (Non-Executive) of Rs. 4.89 million, President/CEO for Rs 0.06 million and one full time working director amounting for Rs 1.21 million for the year ended March 31, 2014 be and is hereby approved."

"Resolved that the remuneration of Chairman (Non-Executive) amounting to Rs. 26.0 million, President/CEO of Rs. 14.5 million and one full-time director amounting to Rs. 13.5 million, which includes allowances and other benefits, as per terms of their employment for the year ending March 31, 2015 be and is hereby approved."

6. To transact any other business with permission of the Chairman.

By order of the Board



Sardar Abid Ali Khan

Vice President & Company Secretary

Lahore: June 05, 2014

NOTE:

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 the Annual General Meeting may appoint another member as a proxy to attend and vote on his/her behalf. The proxy forms must be received at Registered Office of the Company duly stamped, signed and witnessed; not later than 48 hours before the time of the meeting.

NOTICE OF ANNUAL GENERAL MEETING

3. Any individual Beneficial Owner of Central Depository Company of Pakistan Ltd. (CDC), entitled to attend and vote at this meeting, must bring his/her CNIC or passport along with CDC account number to prove his/her identity and in case of proxy must enclose attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to immediately inform company's share registrar "M/s Hameed Majeed Associates, HM-House, 7-Bank Square, Lahore." of any change in their address.
5. Members are requested to provide copy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the Company to comply with the relevant laws.

Statement under section 160(1)(b) of the Companies Ordinance 1984;

As per requirements of the new Code of Corporate Governance 2012 and Articles of Association of the Company, approval of Chairman's remuneration is required as 'non-executive director' from shareholders. Further remuneration of two executive directors is also required to be approved by Shareholders. The remuneration of Chairman and executive directors has already been approved by the board of directors in their meeting held on May 15, 2014.

There is no specific interest of the directors in this special resolution, except that mentioned therein.

FORM OF PROXY

Secretary,
Honda Atlas Cars (Pakistan) Ltd.,
 1-Mcleod Road, Lahore,

I/We _____ of _____
 _____ being member(s) of Honda Atlas Cars (Pakistan)
 Ltd., having Folio No. / CDC Participant I.D No. _____ and having _____ number of shares,
 hereby appoint Mr./Ms _____ of _____
 who is also a member of the Company having Folio No. / CDC Participant I.D No. _____ and _____
 number of shares, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 22nd Annual
 General Meeting of the Company to be held on Thursday, June 26, 2014 at 10:30 a.m. at Faletti's Hotel, 24-Egerton Road,
 Lahore and at any adjournment thereof.

Signed this _____ day of _____ 2014.

Witness 1:

Signed: _____
 Name: _____
 Address: _____
 CNIC / Passport No. _____

Signature of Shareholder

Signature of shareholder
 should match the specimen
 signature registered with the
 Company

Witness 2:

Signed: _____
 Name: _____
 Address: _____
 CNIC / Passport No. _____

Affix Rs. 5/-
 Revenue
 stamp
 here

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of his/her. No person shall act, as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand on the appointer or his constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of Proxy, duly completed, must be deposited at Company's registered office, 1-Mcleod Road, Lahore not less than 48 hours before the time of holding the meeting.

AFFIX
CORRECT
POSTAGE

Secretary,
Honda Atlas Cars (Pakistan) Ltd.,
1-Mcleod Road,
Lahore.

AUTHORIZED SALES, SERVICE & SPARE PARTS

3S DEALERS

Karachi

Honda Shahrah-e-Faisal

13 Banglore Town, Main Shahrah-e-Faisal.
Phone: (021) 34382356, 34382399,
34527474, 34527575, 34547113-6,
34527070
Fax: (021) 34526758

Honda Defence

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

Honda SITE

C-1, Main Manghopir Road, SITE.
Phone: (021) 32577411-2, 32564926,
32570301, 32587037
Fax: (021) 32577412

Honda South

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

Honda Drive In

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

Honda Quaideen

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

Hyderabad

Honda Palace

Shahbaz Town, Main Jamshoro Road.
Phone: (0223) 667178-9, 667032
Fax: (0223) 667519

Lahore

Honda City Sales

75-B, Block L, Gulberg III, Ferozpur Road.
Phone: (042) 35841100-04
Fax: (042) 35841107

Honda Fort

32 Queens Road.
Phone: (042) 36314162-3, 36309062-3,
36376062-3, 36313925
Fax: (042) 36361076

Honda Point

Main Defence Road.
Phone: (042) 35700994-7
Fax: (042) 35700993

Honda Gateway

15-Km Multan Road.
Phone: (042) 111 333 789
Fax: (042) 37511075

Islamabad

Honda Classic

179, Korangi Road, I-10/3, Industrial Area.
Phone: (051) 4438801-6
Fax: (051) 4436446

Rawalpindi

Honda Centre

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

Multan

Honda Breeze

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

Faisalabad

Honda Faisalabad

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

Honda Chenab

123 JB Raja Wala, Green View Colony,
Akbarabad.
Phone: (041) 2603449, 2603349
Fax: (041) 2603549

Sargodha

Honda Citrus Fields

7-Km Lahore Road.
Phone: (048) 3226087
Fax: (048) 3226589

Gujranwala

Honda Gujranwala

Main G.T. Road, Near Maudiala Morr.
Phone: (055) 3893481-3
Fax: (055) 3893484

Sialkot

Honda Falcon

1-Km, Daska Road.
Phone: (052) 3252000, 3251251-4
Fax: (052) 3563203

Mirpur

Honda Empire Mirpur

Mian Muhammad Road,
Quaid-e-Azam Chowk.
Phone: (05827) 451501-3
Fax: (05827) 451500

Peshawar

Honda North

Main University Road, Near Sham Hotel.
Phone: (091) 5854901, 5700807-8
Fax: (091) 5854753

2S DEALERS

Karachi

Nazimabad Honda

1-J8/B Muslim League Quarter, Main Road
Nazimabad No.1.
Phone: 021-36603336, 36603337
Fax: 021-6606444

Sukkur

Ghansham Motors

Hussaini Road, Near Gurdwara.
Phone: 071-5617683

Rahim Yar Khan

Pak Saudi Motors

Adda Khanpur, Near Shamim Petroleum
Service.
Phone: 068-5887300
Fax: 068-5887363

Bahawalpur

Bahawalpur Motors

Bindra pully Multan Road.
Phone: 062-2886900
Fax: 062-2886900

Multan

Ahmad Auto Care

1-Irshad Colony, Industrial State Road.
Phone: 061-6538112, 8130005
Fax: 061-6536311

Lahore

Cavalry Motors

18 Cavalry Ground, Commercial Area.
Phone: 042-36663117, 36666537
Fax: 042-36610117

Johar Town Honda

892-R-1 Main Boulevard Johar Town.
Phone: 042-35291712, 35291771
Fax: 042-35313366

Aabpara Honda

Aabpara Market, 16 Wahdat Road.
Phone: 042-35866932
Fax: 042-35865131

Samnabad Honda

Plot No.29/30 - 21 Acre Scheme
Samnabad.
Phone: 042-37530563, 37530579
Fax: 042-37522099

Gujrat

Shahbaz Motor Workshop

Near Science College, G T Road.
Phone: 053-3523511
Fax: 053-3514511

Faisalabad

Jahangir Motor Garage

Jaranwala Road.
Phone: 041-8710616, 8541097
Fax: 041-8738786

G.M. Autos

21/1 Jail Road, Civil Lines.
Phone: 041-2641925, 2409394
Fax: 041-2641925

Rawalpindi

Three Star Motor Workshop

Sitara Market Chaklala Scheme No. 3.
Phone: 051-5591219, 5591599
Fax: 051-5480990

Meher Motors

445-Meherabad, Peshawar Road.
Phone: 051-5462464
Fax: 051-5480990

Islamabad

Rafique Autos

8A, Khayaban-e-Suharwardy, G-6/1.
Phone: 051-2827527
Fax: 051-2825026

Okara

Modern Autos

Near Depalpur Chowk, Depalpur Road.
Phone: 044-2528335

1S DEALERS

Karachi

Sugoi Sunset Parts Center

Plot No. 12-C, 12th Commercial Street,
Phase II Extension D.H.A.
Phone: 021-35312766
Fax: 021-35312768

Lahore

Sugoi Parts Center

Shop No. 4-6 Shamyil Center,
4-Montgomery Road.
Phone: 042-36370121
Fax: 042-36375900

Sugoi Defence Parts Center

Shop No. 1 Corner 26/26
Main Walton Road.
Phone: 042-36626987
Fax: 042-36626989

Rawalpindi

Sugoi Potohar Parts Center

State Life Building, Kashmir Road
Saddar.
Phone: 051-5580263-64
Fax: 051-5580266

Multan

Sugoi Multan Parts Center

103/9 Iqbal Plaza Opp. RTO Office, Near
Feasta Garden, LMQ Road.
Phone: 061-4586160-61
Fax: 061-4571962





HONDA

Honda Atlas Cars (Pakistan) Limited

43-KM Multan Road, Manga Mandi, Lahore

www.honda.com.pk

www.facebook.com/hacpl

info@honda.com.pk

