



ANNUAL REPORT 2010





Our People **Our Strength**

Atlas Honda believes in the power of the people that is why we proudly share our success with our dedicated professionals. It is their commitment that has driven Atlas Honda to meticulously lead the path of leadership as a modern corporate organization. Together with our valued associates, we have always been able to satisfy the growing needs of our customers without compromising on our quality and services. Our people will always be a motivation for us to progress with a vision as the pioneers of tomorrow for it is them who make Atlas Honda what it is today.

Organisation
development
through
self development



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VISION

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

MISSION

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



STRATEGIC GOALS

Customer

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

Quality

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

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

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

Shareholders

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

Employees

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

Corporate Citizen

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



QUALITY POLICY

- Commitment to provide high quality motorcycles and parts.
- Right work in first attempt and on time.
- Maintain and continuously improve quality.
- Training of manpower and acquisition of latest technology.
- Safe, clean and healthy environment.
- Market leadership and prosperity for all.





COMPANY INFORMATION

BOARD OF DIRECTORS

Yusuf H. Shirazi
Chairman

Koji Takamatsu
Director

Nurul Hoda
Director

Osamu Ishikawa
Director

Sanaullah Qureshi
Director

Sherali Mundrawala
Director

Takashi Nagai
Director

Saqib H. Shirazi
Chief Executive Officer

Rashid Amin
Company Secretary

AUDIT COMMITTEE

Sanaullah Qureshi
Chairman

Sherali Mundrawala
Member

Nurul Hoda
Member

Zaheer Ul Haq
Head of Internal Audit

Syed Tanvir Hyder
Secretary

MANAGEMENT COMMITTEE

Saqib H. Shirazi
Chief Executive Officer

Nurul Hoda
Vice President Marketing

Osamu Ishikawa
Vice President Technical

Suhail Ahmed
Chief Financial Officer

Muhammad Khalid Aziz
General Manager Plants

Sultan Ahmed
General Manager Quality Assurance

Koji Takamatsu
General Manager Research & Development

Mushtaq Alam
General Manager Information Technology

Javed Afghani
General Manager Marketing

Razi ur Rahman
General Manager Human Resources, Administration
& Corporate Affairs

Amir Ali Bawa
General Manager Planning & Commercial

Shakeel Mirza
General Manager Supply Chain

Afaq Ahmed
General Manager Research, Development & Projects

AUDITORS

Hameed Chaudhri & Co.

LEGAL ADVISORS

Mohsin Tayebaly & Co.
Agha Faisal - Barrister at Law

TAX ADVISOR

Ernst & Young Ford Rhodes Sidat Hyder

SHARE REGISTRAR

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

LENDING INSTITUTIONS

Bank Al-Habib Limited
National Bank of Pakistan
The Bank of Tokyo-Mitsubishi UFJ Limited

BANKERS

Allied Bank Limited
Bank Al-Habib Limited
Barclays Bank PLC Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo-Mitsubishi UFJ Limited
United Bank Limited

REGISTERED OFFICE

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

FACTORIES

F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel : (92-21) 32575561-65 Fax : (92-21) 32563758
E-mail : ahl@atlas.com.pk

26-27 KM, Lahore-Sheikhupura Road,
Sheikhupura-39321
Tel : (92-56) 3406501-8
Fax : (92-56) 3406009
E-mail : ahl@atlas.com.pk

BRANCH OFFICES

Azmat Wasti Road, Multan
Tel : (92-61) 4540054, 4540028, 4571989,
4572898, Fax : (92-61) 4541690

60-Bank Road, Saddar, Rawalpindi
Tel : (92-51) 5120494-6, Fax : (92-51) 5120497

4B, Zamindara Colony, Rahim Yar Khan
Tel: (92-68) 5888809

SHOW ROOM

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

SPARE PARTS DIVISION

D-181/A, S.I.T.E, Karachi-75730
Tel : (92-21) 32576690

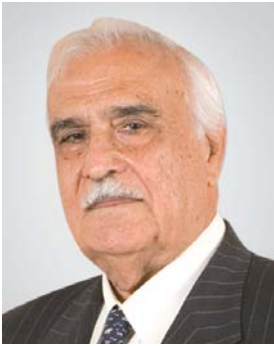
WARRANTY & TRAINING CENTRES

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

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

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

BOARD OF DIRECTORS



YUSUF H. SHIRAZI
Chairman

Mr. Shirazi is a law graduate (LLB) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in 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, MAN and Total. He has been the President Karachi Chamber of Commerce and Industries for two terms. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member of National Defence College, Navy War College and Pakistan Administrative Staff College. He has been on the Board of Governors of LUMS, GIK and FC College. Previsouly, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).



SHERALI MUNDRAWALA
Director

Mr. Sherali Mundrawala is one of the founder members of United Bank Limited. He has over 45 years experience to his credit in the financial and manufacturing sector. He has served as an independent director on the Board of Atlas Honda Limited for over thirty five years. Besides this, he has substantial experience as a Board member of various listed and unlisted companies.



SANAULLAH QURESHI
Director

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



TAKASHI NAGAI
Director

Mr. Takashi completed his education from Keio University - Japan and joined Honda Motor Company Japan in 1982 and served across the globe on various stations being part of Honda Company. He has recently been appointed on the Board of Atlas Honda Limited in March 2010. He was serving as Executive Vice President in Asian Honda Motor Company Limited before taking his present post as CEO of Honda Siel Cars India Limited.

BOARD OF DIRECTORS



NURUL HODA
Director

Mr. Nurul Hoda is associated with Atlas Honda Limited since 1975 and has over 35 years experience of motorcycle industry. He is a graduate from N.E.D. University in mechanical engineering and M.B.A. from Institute of Business Administration. He has also attended Management Development Program from Harvard Business School. He has served in various capacities in Production and Marketing Department of Atlas Honda Limited. Currently, he is V.P. Marketing and member of Board of Atlas Honda Limited since February 2003.



OSAMU ISHIKAWA
Director

Mr. Osamu Ishikawa had been in charge as the Operation Head of South West Asia Department at Honda before being appointed to Pakistan in October 2006. He has extensive knowledge of market expansion in under developed markets by exploring Sales, Engineering, Development and Buying concepts learnt in the Honda Motorcycle Sales Division. He is the Vice President - Technical and member of Atlas Honda Limited Board since October 2006.



KOJI TAKAMATSU
Director

Mr. Koji Takamatsu was in charge of the Quality Assurance Division Head of Honda Kumamoto Factory before he was appointed to Pakistan in 2008. He has expertise in engine quality. His knowledge in this field is very unique and vital for Atlas Honda Limited. He has been General Manager for Research and Development and member of Atlas Honda Limited Board since February 2008.



SAQUIB H. SHIRAZI
Chief Executive Officer

Mr. Saquib H. Shirazi has been the Chief Executive Officer of Atlas Honda Limited for the last ten years. He graduated in Economics from The Wharton School of Finance, before completing his Masters from the Harvard Business School. He has served as the President of Harvard Business School's Global Alumni Board of Directors. He has worked with the Bank of Tokyo-Mitsubishi in Japan and is the former CEO of Atlas Investment Bank Limited. Mr. Saquib H. Shirazi is also a Member of Board of Trustees & Governor of Lahore University of Management Sciences. Previously, he has served on the Boards of National Refinery Limited, Sui Southern Gas Company Limited, PERAC and the Privatization Commission. He has been on the Board of Atlas Honda Limited since November 2000.

SHAREHOLDERS` INFORMATION

REGISTERED OFFICE

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

EXCHANGE LISTING

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

STOCK SYMBOL

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

LISTING FEES

The annual listing fees for the financial year 2010-11 have been paid to the Karachi and Lahore stock exchanges and Central Depository Company within the prescribed time limit.

STATUTORY COMPLIANCE

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

ANNUAL GENERAL MEETING

Date: June 23, 2010
Time: 11:00 A.M.
Venue: Registered Office
at 1-Mcleod Road, Lahore

FINANCIAL CALENDAR

May 2010	Audited annual results for year ended March 31, 2010
June 2010	Mailing of annual reports
June 2010	Annual General Meeting
July 2010	Unaudited first quarter financial results
November 2010	Unaudited half year financial results reviewed by Auditors
January 2011	Unaudited third quarter financial results

DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has proposed a final cash dividend of Rs. 5.0 per share (50%) and Bonus shares @ 15% (three bonus shares for every twenty shares held) for the year ended March 31, 2010, subject to approval by the shareholders of the Company at the Annual General Meeting.

Dividend paid for the previous period ended March 31, 2009 was cash dividend Rs. 3.0 per share (30%) and Bonus shares @ 15% (three bonus shares for every twenty shares held).

DATES OF BOOK CLOSURE

The register of members and shares transfer books of the Company will remain closed from June 15, 2010 to June 23, 2010 (both days inclusive).

DATE OF DIVIDEND PAYMENT

The payment of dividend, upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after June 23, 2010.

Last year, the Company had dispatched cash dividend and bonus shares within 24 hours after approval from the shareholders at the Annual General Meeting.

PAYMENT OF DIVIDEND

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

SHARE TRANSFER SYSTEM

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

ANNUAL GENERAL MEETING

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

SHAREHOLDERS' INFORMATION

PROXIES

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

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

MARKET PRICE DATA

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

Months	Karachi Stock Exchange				Lahore Stock Exchange			
	High	Low	High	Low	High	Low	High	Low
	2009-10		2008-9		2009-10		2008-9	
April	95.00	61.76	237.00	200.00	95.00	61.76	232.05	205.00
May	111.20	57.00	228.90	187.00	111.20	56.86	228.90	187.00
June	135.14	85.00	215.00	192.81	128.71	87.74	214.00	194.75
July	101.32	89.00	211.80	172.90	98.80	87.66	211.80	180.00
August	94.45	81.50	189.99	169.67	91.00	84.10	185.00	171.00
September	104.00	89.00	184.99	184.99	103.00	90.00	184.99	184.99
October	139.96	99.25	184.99	184.99	134.45	102.50	184.99	184.99
November	120.00	110.00	184.99	184.99	119.59	113.60	184.99	184.99
December	145.30	113.50	184.99	184.99	142.43	116.01	184.99	184.99
January	154.24	138.00	169.57	169.57	151.10	138.83	184.99	169.57
February	152.00	132.00	161.10	153.05	149.75	136.97	169.57	153.05
March	150.17	137.00	145.40	87.40	148.80	140.01	153.05	90.03

WEBSITE OF THE COMPANY

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

CHANGE OF ADDRESS / E-MAIL ADDRESS

All registered shareholders should send information on changes of address and e-mail address, if any to:

SHARES REGISTRAR

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

HISTORY IN MAKING

Key Events of 2010

- Launched new model of CG 125 Deluxe Euro II
- SAFA award for best corporate governance disclosures in annual report 2008
- Best Corporate Report award by Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost & Management Accountants of Pakistan (ICMAP)
- Ala' Mayar Conference held in the month of February 2010



From left to right: Mr. T. Ito (CEO Honda Motor Company Japan) Mr. Saquib H. Shirazi (CEO Atlas Honda Limited) and Mr. T. Fukui (Ex CEO Honda Motor Company Japan)

2002-2009

- | | |
|--|---|
| <ul style="list-style-type: none"> 2009 Launched new model of CD 100 Euro II 2009 Acquired ISO 14001-2004 Environment Certificate 2008 Arranged National Vendor Conference 2008 Established Delivery Control Center (DCC) at Karachi Plant 2007 Production capacity expansion 500K 2007 Implemented Enterprise Resource Planning (ERP) SAP 2006 Launched new 125cc premium model CG 125 Deluxe 2006 Received top 25 company award by Karachi Stock Exchange 2006 Established Delivery Control Center (DCC) at Sheikhpura Plant 2005 Technical Assistance Agreement signed with Denso Corporation Japan for ACG Fly Wheel 2004 Received top 25 company award by Karachi Stock Exchange 2004 Technical Assistance Agreement signed with Asktechnica Corporation Japan for Brake lining | <ul style="list-style-type: none"> 2004 Technical Assistance Agreement signed with Atsumitec Corporation, Japan for Drum Gear Shift 2004 Launched new 100cc motorcycle CD 100 2003 Technical Assistance Agreement signed with Kehin Corporation, Japan for Fuel Cock 2003 Best Corporate Report award by Joint Committee of ICAP & ICMAP 2002 Deletion level reached to 87% and 80% for CD70 and CG125 respectively 2002 Best Corporate Report award by Joint Committee of ICAP & ICMAP |
|--|---|

1992-2001

- | | |
|---|---|
| <ul style="list-style-type: none"> 2001 Launched concept of 5S dealership - Sales, Service, Spare Parts, Second hand exchange and Special (Credit) sales 2001 Technical Assistance Agreement signed with Toyo Denso Corporation, Japan for Switch Assembly and Ignition Coil 2000 Investment in Crankshaft Project | <ul style="list-style-type: none"> 1999 Acquisition of ISO 9002 certification for Sheikhpura and Karachi plants 1995 Export of motorcycles to Bangladesh 1994 Mr. Kawamoto, President Honda Motor Company Limited, visited Atlas Honda Limited 1992 Change of name to Atlas Honda Limited |
|---|---|

1982-1991

- | | |
|---|--|
| <ul style="list-style-type: none"> 1991 Inauguration of CG125 Engine Project at Sheikhpura Factory 1989 Export of motorcycles to Nepal 1988 Merger of Panjdarya Limited into Atlas Autos Limited 1988 Production capacity expansion III | <ul style="list-style-type: none"> 1988 Technical Assistance Agreement signed with Showa Corporation Japan for Cushion 1988 Joint Venture agreement signed with Honda Motor Company Limited 1987 Inauguration of CD70 Engine Project at Karachi Factory |
|---|--|

1972-1981

- | | |
|--|--|
| <ul style="list-style-type: none"> 1981 Production capacity expansion II 1981 Commencement of commercial production at Panjdarya Limited | <ul style="list-style-type: none"> 1979 Incorporation of Panjdarya Limited as Joint Venture with Honda Motor Company Limited, Japan 1976 Production capacity expansion I |
|--|--|

1962-1971

- | | |
|--|--|
| <ul style="list-style-type: none"> 1965 Public offering of Shares 1964 Commencement of commercial production | <ul style="list-style-type: none"> 1962 Technical Assistance Agreement signed with Honda Motor Company Limited Japan 1962 Incorporation of Atlas Autos Limited |
|--|--|

AWARDS



SAFA Award

Compliance with Corporate Governance and comprehensive disclosures in financial statements is one of the prime objective of Atlas Honda Limited. This effort was recognized internationally by professional body, South Asian Federation of Accountants (SAFA) and received the award for best presented accounts and corporate governance disclosures for its annual report 2008.



ICAP / ICMAP Joint Committee Award

The Company was once again encouraged by another prestigious national award upon receiving Best Corporate Report Award 2008 in Engineering Sector by Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost & Management Accountants of Pakistan (ICMAP).



National CSR Award 2009

Corporate Social Responsibility (CSR) activities of Atlas Honda Limited got a boost from the recognition received through the 4th National CSR Award. This recognition will be an impetuous for the Company to further improve its effectiveness in this area.



HR Excellence Award 2009

The Company participated in the national level prestigious contest organized by the Employers' Federation of Pakistan. The Company was adjudged to be second in the multinational companies sector. The recognition of high standards of performance by an independent national panel was indeed a source of great encouragement for the associates and an honour for the Company.

NOTICE OF 46th ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Sixth Annual General Meeting of the members of Atlas Honda Limited will be held on Wednesday, June 23, 2010 at 11:00 a.m. at Registered Office, 1-McLeod Road, Lahore, to transact the following businesses after recitation from the Holy Quran:

ORDINARY BUSINESS

1. To confirm Minutes of the 45th Annual General Meeting held on June 23, 2009.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended March 31, 2010 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration for the year ending March 31, 2011. The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and approve the final cash dividend of Rs. 5.0 per share i.e. 50% for the year ended March 31, 2010 as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To consider and approve the bonus shares issue @ 15% (three bonus shares for every twenty shares held) for the year ended March 31, 2010 as recommended by the Board of Directors.

To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

- (i) **RESOLVED** "that a sum of Rs. 81,589,830/- of Company's profit be capitalized for issuing 8,158,983 fully paid ordinary shares of Rs. 10/- each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of the business on June 14, 2010 in the proportion of three bonus shares for every twenty shares held by a member. The said shares shall rank pari passu with the existing shares of the Company as regard future dividend and all other respects."
- (ii) **FURTHER RESOLVED** "that all the fractional Bonus Shares shall be combined and the Directors be and are hereby authorized to combine and sell the fractional shares so combined in the Stock Market and pay the proceeds of sales thereof when realized to a charitable institution approved under the Income Tax Ordinance, 2001."

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

OTHER BUSINESS

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

By Order of the Board



Rashid Amin
Company Secretary

Karachi: June 01, 2010

NOTES:

1. The share transfer books of the Company will remain closed from June 15, 2010 to June 23, 2010 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company / Shares Registrar not less than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting must bring his / her CNIC or passport along with their CDC account number to prove his / her identity and in case of Proxy must enclose an attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. The members are requested to notify the Company immediately of the change in addresses, if any.
5. Members are requested to provide by mail or fax, photocopy of their CNIC or Passport, if foreigner, (unless it has been provided earlier) and e-mail address to enable the Company to comply with the relevant laws.
6. For the convenience of the members a Proxy Application Form is attached with this report.

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

This statement is annexed to the Notice of the Forty Sixth Annual General Meeting of Atlas Honda Limited to be held on June 23, 2010 at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

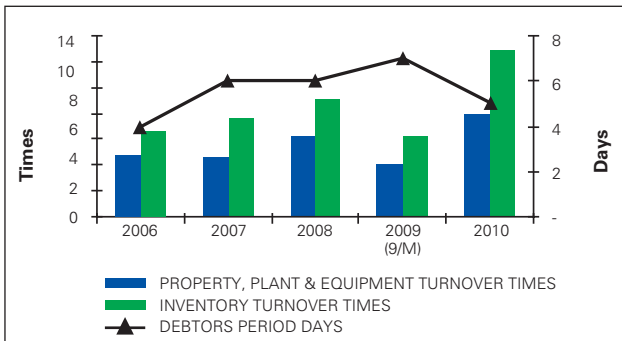
ITEM NO. 5 OF THE AGENDA

The Board of Directors has recommended to the members of the Company to declare dividend by way of issue of fully paid bonus shares @ 15% for the year ended March 31, 2010 and thereby capitalize a sum of Rs. 81,589,830/-

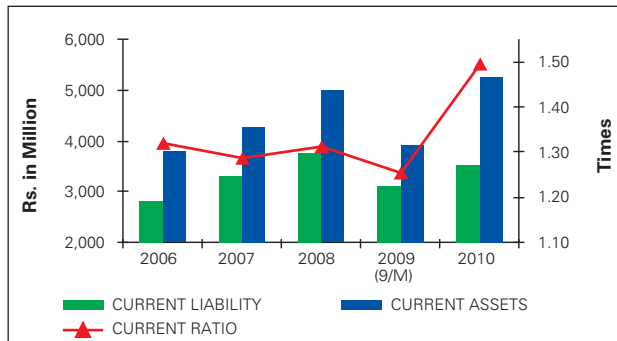
Directors are interested in the business only to the extent of their entitlement of bonus shares as shareholders.

2010 PERFORMANCE HIGHLIGHTS

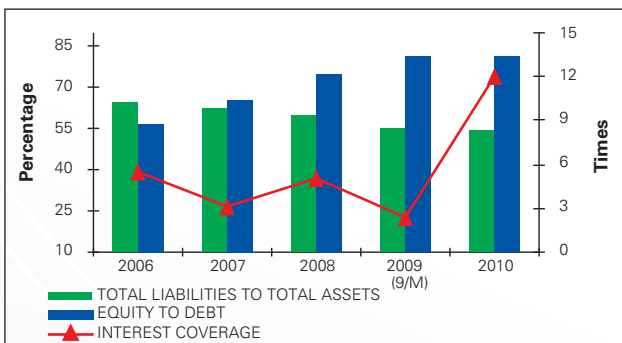
ASSET MANAGEMENT



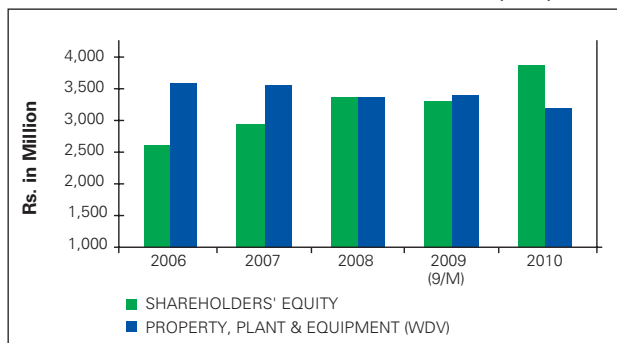
LIQUIDITY MANAGEMENT



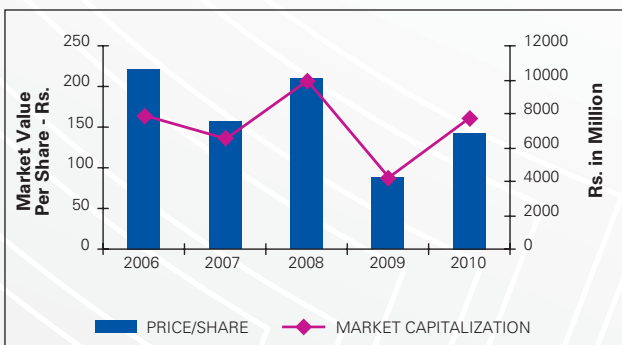
LONG TERM DEBT TO EQUITY



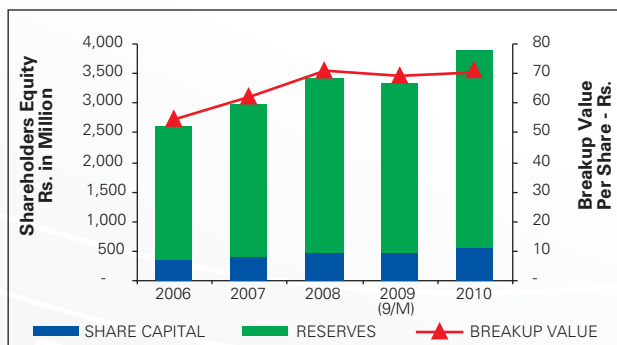
EQUITY VS PROPERTY, PLANT & EQUIPMENT (WDV)



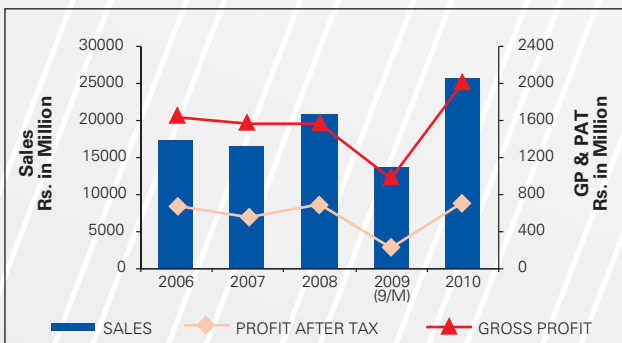
MARKET CAPITALIZATION



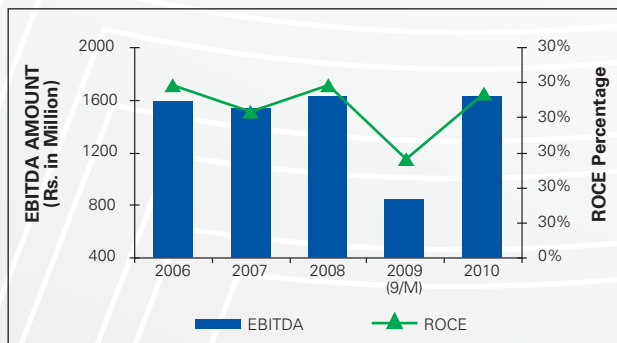
SHAREHOLDERS' EQUITY & BREAKUP VALUE



SALES, GROSS PROFIT & PROFIT AFTER TAX

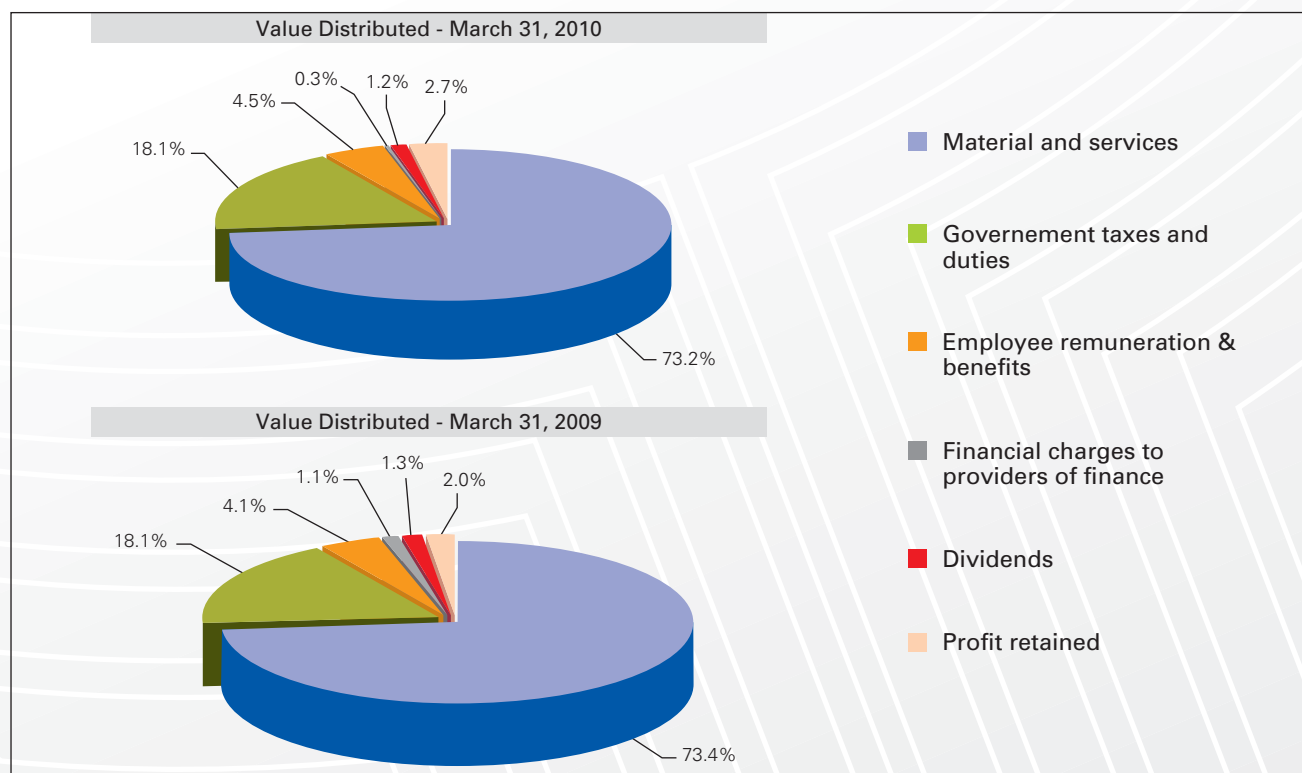


EBITDA

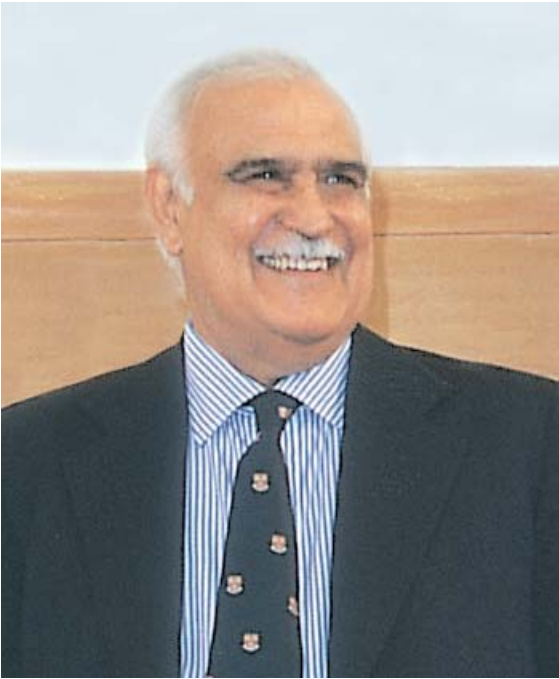


STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	Year ended		Nine months ended	
	March 31, 2010	%	March 31, 2009	%
(Rupees in '000)				
Value Addition				
Net sales including sales tax	29,830,936	99.2%	16,061,694	99.4%
Other operating income	233,205	0.8%	89,744	0.6%
	<u>30,064,141</u>	<u>100.0%</u>	<u>16,151,438</u>	<u>100.0%</u>
Value Distribution				
Material and services	22,030,370	73.2%	11,847,005	73.4%
Government taxes and duties	5,441,704	18.1%	2,922,072	18.1%
Employee remuneration & benefits	1,340,864	4.5%	667,950	4.1%
Financial charges to providers of finance	97,970	0.3%	180,983	1.1%
Dividends	353,556	1.2%	212,843	1.3%
Profit retained	799,677	2.7%	320,585	2.0%
	<u>30,064,141</u>	<u>100.0%</u>	<u>16,151,438</u>	<u>100.0%</u>



CHAIRMAN'S REVIEW



CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the 46th Annual Report on the performance of Company for the year ended March 31, 2010.

THE ECONOMY

During the FY10, the country experienced an all around improvement in the economy. Major economic indicators have generally followed healthy trends. The progress is significant in the backdrop of a gloomy FY09 when the Country was forced to seek assistance from the International Monetary Fund (IMF) for Balance of Payments (BOP) Support Program.

Among the more significant improvements is a marked decline in the trade deficit during the period, to US\$ 9.76 billion in February 10 from US\$ 14.45 billion for the same period last year, a decline of 32.47%. Tax revenue during the FY10 stood at PKR 1.25 trillion, up by 9% (Y-o-Y) basis. CPI inflation averaged around 12.12% from April 09 to February 10, as compared to 22.37% in last year. The fall in inflation has played an important role in lowering the discount rate by the central bank. Remittances continued to provide the much needed cover for the increasing external funding gap and are expected to hit a record level of US\$ 8,704 million. Foreign

exchange reserves were bolstered from a series of IMF tranches and are now expected to remain stable as a result of expected Non-IMF inflows to the tune of US\$ 1.85 billion in the coming months.

On the other hand, continued depreciation of Pak Rupee against the US Dollar raises concern as it has a dampening effect on the economic progress. A declining exchange rate inflated import bill of essential commodities. Heavy payments for oil, food commodities, fertilizer and agricultural chemicals place the rupee under pressure. Other problems faced by the economy include fiscal and administrative slippages, ongoing war on terror, worsening law and order and lower Foreign Direct Investment (FDI).

Overall, agriculture sector has registered a robust performance. Among the major kharif crops, cotton has seen healthier crop (13.0 m bales) up by 6.7% (Y-o-Y). However, negative contribution by other kharif crops (rice and sugar cane) due to water shortages at sowing time partially off set the growth in agriculture sector. Conversely, the impact of favorable prices is reflected in the higher acreage during kharif FY10. Also, the announced support price for wheat is expected to help the rabi crop. This would bolster the farmers' income and improve liquidity in rural areas.

Large scale manufacturing (LSM) registered a growth of 2.3% led by recovery in automobile and other allied industries and revived construction activities. This could be attributed to gradual ease in monetary policy, fiscal support and improved liquidity in agriculture. However, structural problems of the economy in particular energy crisis continue to hamper manufacturing growth.

AUTOMOBILE INDUSTRY

The automobile industry showed signs of recovery after passing through a lean phase during FY09. However, this recovery is taking place in face of tough challenges of limited availability of credit for auto financing, high mark up rates, continued depreciation of Pak Rupee against all major currencies, escalating material prices and security concerns. If the magnitude of any of these factors becomes more pronounced, it will have a marked impact on the performance of the sector. It is a tribute to the resilience of this sector that, despite the cost pressures, the overall sales of the industry witnessed growth and registered strong performance.

In the wake of changing models with better fuel economy, efficient cost of production and enhancing user comforts are crucial challenges for the industry. Further, under-utilization of installed capacity is exposing industry to major financial burden. Policy makers need to form a consistent and long term auto policy in order to provide a conducive environment for restoring confidence of the industry.

MOTORCYCLE INDUSTRY

During the year under review, motorcycle industry recovered from the lows of the previous year. This growth was on the back of improved liquidity in the agricultural sector on account of strong support prices for Wheat, Cotton, Sugarcane & Rice. The growth can also be attributed to the poor transportation system in the big cities coupled with improved farm to market access through an upgraded road network in the rural areas. Increased foreign remittances, hike in petrol and 4 wheelers prices also played pivotal role in recovery of motorcycle industry. However, stiff challenges faced by the industry such as escalating material prices and water shortages, have the potential to de-escalate the growth momentum of the industry.

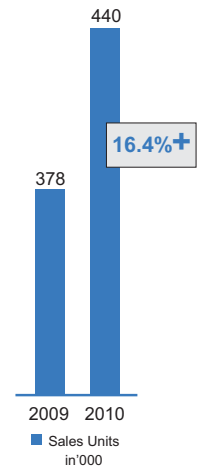
In anticipation of improved market conditions and future growth prospects, companies across the board have introduced a variety of new models both in 70cc and 125cc category. However, a level playing field is still not being provided for the formal sector as a large number of players are indulging in under invoicing, sales tax evasion and smuggling with impunity and with no let up or hindrance. The illegal practices are so rampant that the few players in the organized sector are finding it increasingly difficult to maintain the rate of growth required to achieve economies of scale critical for exports.

THE COMPANY

Marketing

Your Company is successfully catering the industry demand through strong presence in different market segments. CD 70 has remained a strong favourite while CG 125 has also registered a strong growth. CG 125 DLX has also carved out its own niche in the market and is gaining popularity in the young user class. On the other hand, owing to increasing distances in urban and semi urban areas, consumers have taken a liking for CD 100 due to its comfort and powerful drive.

CD 70 continued to have a significant share of the market and proved to be a bestselling motorcycle in this category due to its unmatched performance, quality and economy. The company has repositioned its marketing campaign with a slogan "Faiday Ka Engine" to differentiate Honda CD 70 from its competition in the category. Overall, with all regions contributing to improved sales, the Company improved its overall sales by 16.4%.



After Sales Service and Spare Parts

After sale service is a discerning feature of your Company that coupled with the quality of the products defines the HONDA brand image in Pakistan. The concerned department has been instrumental in providing efficient warranty and affordable repair services for its customers. This became possible through the effective utilization of the warranty dealers' network. As a result, the response time of the department to warranty claims has registered a remarkable improvement. Now, on average 72 percent claims are settled within the first 24 hours of being reported.

Market potential of spare parts sales is high because of rapid growth in the number of motorcycles on road. On the other hand low quality, smuggled and counterfeit parts pose an unfair challenge to the organized sector. The organized sector has to compete with those in the market place whose business models are based on supplying parts without any or only marginal tax incidence. The Parts department has posted a remarkable growth over last year.

Distribution

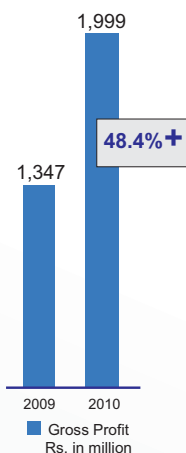
The Company strongly believes in the importance of a strong dealership network. The company's objective of taking its products in easy access of its customers was successfully achieved through multi-faceted expansion. Buying a Honda motorcycle is now much easier with the expansion of the dealer network from 300 to 330 dealers in 2009-10. Thus affordability, accessibility and efficient service to our valued customer became possible. Further, Smart Sales Point (SSP) provided the reach that was needed to approach customers in small towns and cities.

There are now 50 SSPs' and rapid progress is being made to further improve this network. To attract the secondhand exchange customers, 'Honda Used Motorcycles Sellers' (HUMS) are rapidly growing. They facilitate exchange customers and help to establish the re-sale value of Honda motorcycles.

FINANCIAL HIGHLIGHTS

Particulars	Year ended March 31, 2010 (Audited) Rs. in '000	Year ended March 31, 2009 (Unaudited) Rs. in '000	% Change	Nine months ended March 31, 2009 (Audited) Rs. in '000	% Change
Sales	25,554,772	19,440,575	31% ↑	13,747,820	86% ↑
Gross Profit	1,998,930	1,347,327	48% ↑	965,655	107% ↑
Other Income	233,205	173,103	35% ↑	89,744	160% ↑
Operating Profit	1,189,844	913,896	30% ↑	604,556	97% ↑
Profit after Tax	712,458	364,760	95% ↑	224,533	217% ↑
EPS after tax (re-stated) - Rs.	13.10	6.71	95% ↑	4.13	217% ↑

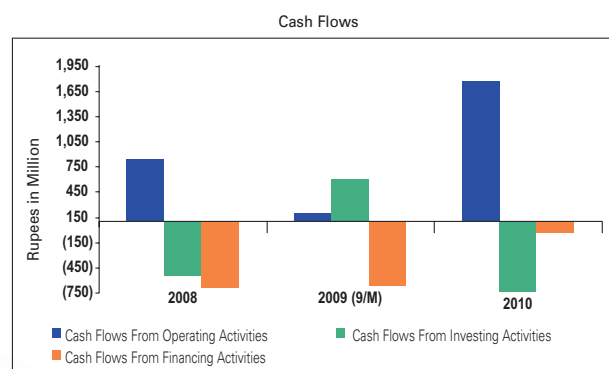
Your Company achieved the highest turnover in its history of Rs. 25.5 billion against Rs. 19.4 billion achieved in the same period of last year, an increase of 31%. Despite continuous depreciation of PKR against other major currencies and increase in material prices, gross profit margin improved from 6.9% to 7.8%. This was achieved through increased sales volume and focused cost management.



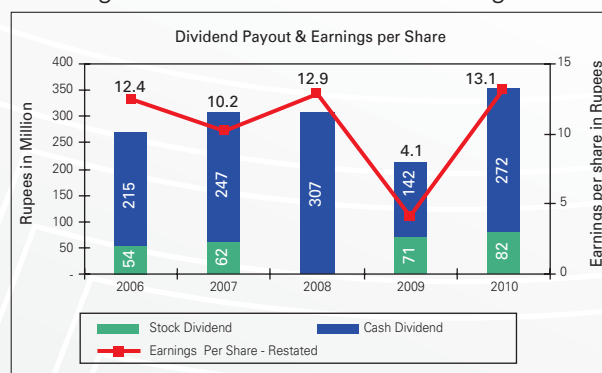
Distribution and administrative expenses for the year were Rs. 690.8 million and 264.7 million respectively, which are 3.7% of sales as against 2.9% of corresponding period. The recovery in gross profit allowed your Company to focus its efforts on brand consolidation to support sales. The increase in operating expenses was appropriately addressed through efficient liquidity management. Accordingly, other income increased by 35.0% and financial expenses reduced by 68.8% over the last period.

All this contributed to register record net profit before tax of Rs. 1.08 billion, a remarkable increase of 94.8% over last period. The net profit after tax increased to Rs. 712.5 million from 364.8 million with net profit margin increased from 1.8% to 2.8%.

As a result of efficient inventory management and profitability, your Company improved its liquidity position and generated cash flow in excess of Rs. 1.7 billion from its operating activities.



Out of total profit of Rs. 712.5 million for the year, your Company Directors have proposed a cash dividend of Rs. 5.0 per share and bonus share issue @ 15% (i.e. three bonus shares for every twenty share held). This amounts to Rs. 353.6 million. The remaining balance of Rs. 358.9 million is being retained.



The Company contributed an amount of Rs. 5,442 million, as against Rs. 2,922 in 2009, towards the National Exchequer on account of Government levies, taxes and import duties etc. Payment of these taxes was 7.6 times more than net profit after tax. This made your company, one of the largest contributors towards the national exchequer.

Year	Govt. Taxes Rs. in million	Sales Rs. in million
2005	4,514	14,120
2006	5,034	17,420
2007	4,294	16,608
2008	4,311	20,855
2009 (9 months)	2,922	13,747
2010	5,442	25,555

PRODUCTION

The year started with a cautious projection for production due to uncertainty in the two wheeler market. With improvement in economic indicators and good agriculture results, volumes picked up with the plants producing 440,120 units for the year. Moreover, monthly output peaked at 45,700 units in October 2009, the highest ever.

The increasing cost of imported raw materials and other production inputs necessitated review of operating procedures to evolve cost saving techniques in all areas of operation.

BUSINESS PROCESS RE-ENGINEERING

A number of *kaizens* aimed at improving plant efficiency & reducing cost were undertaken in all areas of operation at both plants which are outlined as follows:

- In-house and local manufacturing of hi-tech machine accessories and fixtures assisted by maintenance department as a continuing effort.
- Tool regrinding shop initiated the task of redesigning tools and utilized dead stock items.
- Process automation was implemented at the Frame Assembly Line.



Manual Fitting



Automated Operation

- Redesigning of coolant tanks for CNC machines.



- Modification of outdated dies, refurbishment of old dies and start of local manufacturing of case bottom dies and High Pressure Die Casting (HPDC) dies promises to reduce die cost and improve manufacturing facilities.
- Local procurement of electronic circuitry of CNC machines through importers other than the machine manufacturers has paid dividends, resulting in sizeable savings in machine repair costs. This again was a maiden attempt of its kind by the maintenance department.

It has been a satisfying year for the production team which has left the department keenly aware of its strengths and weaknesses and more determined to overcome the shortcomings in the future.

INFORMATION TECHNOLOGY

Use of information technology to execute business processes is now standard practice in your Company. Use of world class enterprise resource solution for the organization is a demonstrative example. Business process chain from sales orders to dispatch of motorcycle is working under ERP system. Besides this, business correspondence is also being carried out using "IBM Lotus Notes" messaging system. Online information system is available with users at their desktops, laptops and on mobiles. The next phase of initiatives will improve information access in critical areas throughout the organization and its key business partners and practically reduce reaction time of the organization as a whole to the changing business environment. The Company and its business partners will both be placed at a clear advantage with the completion of these plans during the next year.

SUPPLY CHAIN

While this was an especially challenging year for the organization, it was more so for the Supply Chain department as it lived through a period of perpetual adjustments. Adjusting to oscillating market demand was taxing for the department and for the vendors. However, they both responded positively and

successfully to the challenge. Uncertain market conditions created problems in forecasting and in making decisions for future investments. Supply Chain department worked hard on productivity, innovation and strengthening links to cope during this uncertain period. The department is closely associated with vendors, suppliers and dealers to keep cost of doing business down. Vendor Procurement segment contributed significantly to cost reduction in material whenever an opportunity presented itself. Re-fixing safety levels, reducing lot sizes and decreasing lead time, were taken for better inventory management. Through new launches increasing demand of spare parts business are being fulfilled.

HUMAN RESOURCE

The year once again required innovative solutions for meeting the challenges of growth. Human resource is the most precious asset of the organization. It is an ongoing challenge to make this asset more productive. The Company started off the year with 2,666 associates but as production and sales demand escalated the department rose to the occasion to make available quality human resource to support the organization. The year closed with 3,166 associates. Training, development, safety, health of our people remained in focuses which are covered in detail in Director's Report.

Next year the role of HR and Administration department as a facilitator and service provider will be re-emphasized. Grass root initiatives across the organization will ensure more participation from the associates in their day to day affairs and in policy issues that affect them.

OUTLOOK & CHALLENGES

Looking forward, the Company sees sustained performance in agriculture sector, a recovery in the manufacturing segment and a reasonable performance of the service sector. The foreign exchange reserves are expected to grow on the back of imports contraction, stable growth in remittances and support coming in from international donors. With inflation decelerating significantly during FY10, this will all culminate into modest growth in the GDP vis-a-vis last year.

However, the economy is still faced with challenges of economic volatility, energy crisis, heavy reliance on import of oil, water shortages at sowing times, ongoing war on terror in addition to worsening law

and order situation. Further, planned increase in power tariffs will fuel inflation and cause further deterioration in the Pak Rupee-US\$ parity.

Notwithstanding the above, with sustained competitiveness of the product line, the Company is well positioned to grow the two wheeler market as a whole and its own share therein. In this challenging year that has passed, the Company has once again underscored its strength and the ability of its associates, the product and its production capability. The fundamentals of the Company remain strong and notwithstanding the volatility in foreign exchange, raw material prices and economic challenges, the Company is well positioned for increased growth in future:

ع محبت مجھے اُن جوانوں سے ہے
ستاروں پہ جو ڈالتے ہیں کمند

(Entrepreneurship means looking beyond horizons)

ACKNOWLEDGMENT

I would like to thank Honda Motor Company Ltd. Japan, for their continued support and cooperation in maintaining high standards of excellence.

On behalf of the Board, I would like to acknowledge the contributions made by Mr. Masahiro Takedagawa who resigned from the Board during the year and welcome Mr. Takashi Nagai who has replaced the outgoing director. I also thank our Bankers, Shareholders, Dealers, Vendors, Board of Directors, Group Executive Committee, Mr. Saquib H. Shirazi and his team for their countless hours of work to build a great company in order to better serve our valued customers.



Date: May 7, 2010

Yusuf H. Shirazi

6 YEARS AT A GLANCE

Particulars		2010	2009	2008	2007	2006	2005
		(Nine Months)					
Profitability Ratios							
Gross profit	(%)	7.8	7.0	7.5	9.4	9.4	9.5
Profit before tax	(%)	4.2	2.6	4.8	4.8	6.0	6.4
Profit after tax	(%)	2.8	1.6	3.4	3.3	3.9	4.2
Return on capital employed	(%)	26.7	14.1	24.6	20.9	24.6	30.4
Interest cover ratio	(Times)	12.0	2.4	5.0	3.1	5.5	6.9
EBITDA	(Rs. in million)	1,627.1	849.8	1,631.0	1,537.2	1,586.5	1,373.2
EBITDA Margin	(%)	6.4	6.2	7.8	9.3	9.1	9.7
Return to Shareholders							
ROE - before tax annualised	(%)	27.7	14.2	29.5	27.0	40.1	43.6
ROE - after tax annualised	(%)	18.3	9.0	20.7	18.6	25.9	28.7
EPS - after tax	(Rs.)	13.10	4.75	14.9	11.7	14.3	12.6
Price Earning Ratio	(Times)	10.9	18.7	14.1	13.5	15.5	24.2
Market Price	(Rs.)	142.5	88.8	210.0	158.0	221.1	305.0
Break up value per share	(Rs.)	71.6	70.2	72.0	62.9	55.2	43.9
Dividend							
Cash dividend	(Rs.)	5.0	3.0	6.5	6.0	6.0	6.0
Stock dividend	(Rs.)	1.5	1.5	-	1.5	1.5	4.0
Dividend yield	(%)	4.6	5.1	3.1	4.7	3.4	3.3
Dividend cover	(Times)	2.0	1.1	2.3	1.6	1.9	1.3
Dividend pay out	(%)	49.6	94.8	43.7	55.7	39.6	42.8
Plough back ratio	(%)	50.4	5.2	56.3	44.3	60.4	57.2
Asset Utilization							
Total assets turnover	(Times)	3.0	1.8	2.4	2.1	2.3	2.3
Fixed assets turnover	(Times)	7.9	4.0	6.1	4.6	4.8	7.5
Inventory turnover	(Times)	12.9	6.2	9.1	7.6	6.7	7.1
Debtor turnover	(Times)	57.3	42.9	51.2	58.9	62.1	101.1
Capital employed turnover	(Times)	5.8	3.7	5.1	4.1	4.1	4.7
Working Capital Cycle							
Inventory holding period	(Days)	31	48	43	48	54	51
Trade debtors period	(Days)	5	7	6	6	4	3
Creditors period	(Days)	(45)	(64)	(57)	(65)	(54)	(55)
Working capital cycle	(Days)	(9)	(9)	(8)	(11)	4	(1)
Liquidity/ Leverage							
Current ratio	(Times)	1.49	1.25	1.31	1.29	1.32	1.44
Quick ratio	(Times)	0.93	0.56	0.75	0.70	0.55	0.82
Long term debt to equity	(Times)	0.13	0.11	0.20	0.37	0.61	0.45
Total liabilities to equity	(Times)	1.19	1.25	1.56	1.70	1.92	1.90

ANALYSIS OF FINANCIAL STATEMENTS BALANCE SHEET

Rupees in '000

PARTICULARS	2010	2009	2008	2007	2006	2005
FIXED ASSETS						
Property, plant & equipment	3,224,897	3,412,901	3,376,605	3,566,931	3,598,732	1,888,736
Intangible asset	8,053	16,601	14,813	24,324	29,090	18,725
OTHERS - NON CURRENT ASSETS						
Investments - Available for sale	-	-	-	51,761	-	-
Long term loans and advances	18,810	14,359	14,043	12,943	17,097	12,172
Long term deposits and prepayments	11,336	8,964	13,503	15,900	11,027	5,784
TOTAL NON-CURRENT ASSETS	3,263,096	3,452,825	3,418,964	3,671,859	3,655,946	1,925,417
CURRENT ASSETS						
Stores, spares and loose tools	322,592	428,188	417,564	407,730	379,380	226,540
Stock in trade	1,664,297	1,792,036	1,862,069	1,580,925	1,937,675	1,567,530
Trade debts	445,689	320,180	407,354	282,249	280,448	139,701
Loans and advances	40,485	37,646	39,354	20,553	51,360	37,296
Trade deposits and prepayments	39,079	64,637	223,229	5,075	2,998	6,802
Investments at fair value through profit or loss	1,088,996	455,816	1,377,300	864,989	327,317	410,241
Accrued mark-up/ interest	4,513	520	812	90	543	1,734
Other receivables	11,566	39,809	20,288	45,543	32,195	14,332
Sales tax refundable - net	-	61,262	149,550	-	5,880	123,090
Advance tax - net	-	91,308	-	138,179	88,892	-
Cash and bank balances	1,641,963	636,426	504,138	919,623	682,088	1,432,363
TOTAL CURRENT ASSETS	5,259,180	3,927,828	5,001,658	4,264,956	3,788,776	3,959,629
TOTAL ASSETS	8,522,276	7,380,653	8,420,622	7,936,815	7,444,722	5,885,046
EQUITY & LIABILITIES						
SHARE CAPITAL & RESERVES						
Share capital	543,932	472,985	472,985	411,291	357,644	255,460
Reserves	2,622,118	2,622,118	2,227,118	2,009,004	1,586,118	1,203,977
Unappropriated profit	725,774	226,159	704,066	555,526	665,168	618,796
TOTAL SHARE CAPITAL & RESERVES	3,891,824	3,321,262	3,404,169	2,975,821	2,608,930	2,078,233
LONG TERM LIABILITIES						
Long term liabilities	512,500	375,000	697,517	1,109,267	1,590,097	933,019
Deferred liabilities	600,015	575,862	571,004	559,487	419,689	191,788
TOTAL LONG TERM LIABILITIES	1,112,515	950,862	1,268,521	1,668,754	2,009,786	1,124,807
TOTAL EQUITY & LONG TERM LIABILITIES	5,004,339	4,272,124	4,672,690	4,644,575	4,618,716	3,203,040
CURRENT LIABILITIES						
Trade and other payables	3,068,480	2,646,221	3,247,381	2,632,582	2,369,727	2,328,681
Sales tax payable - net	41,519	-	-	136,794	-	-
Accrued mark-up / interest	37,384	72,328	49,829	57,035	69,088	17,281
Short term borrowings	-	-	-	-	18,263	-
Current portion of long term liabilities	362,500	389,980	436,751	465,829	368,928	231,981
Provision for taxation - net	8,054	-	13,971	-	-	104,063
TOTAL CURRENT LIABILITIES	3,517,937	3,108,529	3,747,932	3,292,240	2,826,006	2,682,006
TOTAL EQUITY AND LIABILITIES	8,522,276	7,380,653	8,420,622	7,936,815	7,444,722	5,885,046

ANALYSIS OF FINANCIAL STATEMENTS

BALANCE SHEET

PARTICULARS	Vertical Composition of Balance Sheet						Horizontal % Change Year to Year					
	2010	2009	2008	2007	2006	2005	2010 vs 2009	2009 vs 2008	2008 vs 2007	2007 vs 2006	2006 vs 2005	2005 vs 2004
FIXED ASSETS												
Property, plant & equipment	37.8	46.3	40.1	44.9	48.3	32.1	-5.5	1.1	-5.3	-0.9	90.5	34.4
Intangible asset	0.1	0.2	0.2	0.3	0.4	0.3	-51.5	12.1	-39.1	-16.4	55.4	1,127.9
OTHERS - NON CURRENT ASSETS												
Investments - Available for sale	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	-100.0	100.0	0.0	-
Long term loans and advances	0.2	0.2	0.2	0.2	0.2	0.2	31.0	2.3	8.5	-24.3	40.5	31.6
Long term deposits and prepayments	0.1	0.1	0.2	0.2	0.1	0.1	26.5	-33.6	-15.1	44.2	90.6	34.0
TOTAL NON-CURRENT ASSETS	38.2	46.8	40.7	46.3	49.0	32.7	-5.5	1.0	-6.9	0.4	89.9	35.5
CURRENT ASSETS												
Stores, spares and loose tools	3.8	5.8	5.0	5.1	5.1	3.8	-24.7	2.5	2.4	7.5	67.5	56.7
Stock in trade	19.5	24.4	22.1	19.9	26.0	26.7	-7.1	-3.8	17.8	-18.4	23.6	22.0
Trade debts	5.2	4.3	4.7	3.6	3.8	2.4	39.2	-21.4	44.3	0.6	100.7	98.7
Loans and advances	0.5	0.5	0.5	0.3	0.7	0.6	7.5	-4.3	91.5	-60.0	37.7	37.7
Trade deposits and prepayments	0.5	0.9	2.7	0.1	0.0	0.1	-39.5	-71.0	4,298.6	69.3	-55.9	(51.8)
Investments at fair value through profit or loss	12.8	6.2	16.4	10.9	4.4	7.0	138.9	-66.9	59.2	164.3	-20.2	(21.8)
Accrued mark-up/ interest	0.1	0.0	0.0	0.0	0.0	0.1	767.9	-36.0	802.2	-83.4	-68.7	417.6
Other receivables	0.1	0.5	0.2	0.6	0.4	0.2	-70.9	96.2	-55.5	41.5	124.6	(40.2)
Sales tax refundable - net	0.0	0.8	1.7	0.0	0.1	2.1	-100.0	-59.0	100.0	-100.0	-95.2	14.6
Advance tax - net	0.0	1.2	0.0	1.7	1.2	0.0	-100.0	100.0	-100.0	55.4	100.0	(100.0)
Cash and bank balances	19.3	8.6	6.0	11.5	9.3	24.3	158.0	26.2	-45.2	34.8	-52.4	530.7
TOTAL CURRENT ASSETS	61.8	53.2	59.3	53.7	51.0	67.3	33.9	-21.5	17.3	12.6	-4.3	58.6
TOTAL ASSETS	100.0	100.0	100.0	100.0	100.0	100.0	15.5	-12.4	6.1	6.6	26.5	50.3
EQUITY & LIABILITIES												
SHARE CAPITAL & RESERVES												
Share capital	6.4	6.4	5.6	5.2	4.8	4.3	15.0	0.0	15.0	15.0	40.0	25.0
Reserves	30.8	35.5	26.4	25.3	21.3	20.5	0.0	17.7	10.9	26.7	31.7	(2.6)
Unappropriated profit	8.5	3.1	8.4	7.0	8.9	10.5	220.9	-67.9	26.7	-16.5	7.5	200.6
TOTAL SHARE CAPITAL & RESERVES	45.7	45.0	40.4	37.5	35.0	35.3	17.2	-2.4	14.4	14.1	25.5	26.3
LONG TERM LIABILITIES												
Long term liabilities	6.0	5.1	8.3	14.0	21.4	15.9	36.7	-46.2	-37.1	-30.2	70.4	124.8
Deferred liabilities	7.0	7.8	6.8	7.0	5.6	3.2	4.2	0.9	2.1	33.3	118.8	13.4
TOTAL LONG TERM LIABILITIES	13.0	12.9	15.1	21.0	27.0	19.1	17.0	-25.0	-24.0	-17.0	78.7	92.6
TOTAL EQUITY & LONG TERM LIABILITIES	58.7	57.9	55.5	58.5	62.0	54.4	17.1	-8.6	0.6	0.6	44.2	43.6
CURRENT LIABILITIES												
Trade and other payables	36.0	35.8	38.5	33.2	31.9	39.6	16.0	-18.5	23.4	11.1	1.8	48.9
Sales tax payable - net	0.5	0.0	0.0	1.7	0.0	0.0	100.0	-	-100.0	100.0	-	-
Accrued mark-up / interest	0.4	1.0	0.6	0.7	0.9	0.3	-48.3	45.2	-12.6	-17.4	299.8	602.2
Short term borrowings	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	-100.0	100.0	100.0
Current portion of long term liabilities	4.3	5.3	5.2	5.9	5.0	3.9	-7.0	-10.7	-6.2	26.3	59.0	93.3
Provision for taxation - net	0.1	0.0	0.2	0.0	0.0	1.8	100.0	-100.0	100.0	-	-100.0	100.0
TOTAL CURRENT LIABILITIES	41.3	42.1	44.5	41.5	38.0	45.6	13.2	-17.1	13.8	16.5	5.4	59.0
TOTAL EQUITY AND LIABILITIES	100.0	100.0	100.0	100.0	100.0	100.0	15.5	-12.4	6.1	6.6	26.5	50.3

ANALYSIS OF FINANCIAL STATEMENTS PROFIT & LOSS ACCOUNT

PARTICULARS	Rupees in '000					
	2010	2009 (Nine Months)	2008	2007	2006	2005
PROFIT & LOSS ACCOUNT						
Sales	25,554,772	13,747,820	20,855,535	16,608,413	17,420,263	14,120,847
Cost of sales	(23,555,842)	(12,782,165)	(19,298,994)	(15,044,640)	(15,790,546)	(12,776,676)
Gross Profit	1,998,930	965,655	1,556,541	1,563,773	1,629,717	1,344,171
Distribution cost	(690,794)	(271,346)	(267,483)	(371,569)	(343,087)	(302,252)
Administrative expenses	(264,739)	(165,648)	(227,759)	(209,261)	(185,232)	(143,018)
Other operating income	233,205	89,744	263,870	150,681	173,035	171,513
Other operating expenses	(86,758)	(13,849)	(68,878)	(60,772)	(75,762)	(96,734)
Profit from Operations	1,189,844	604,556	1,256,291	1,072,852	1,198,671	973,680
Finance cost	(112,613)	(251,777)	(252,091)	(269,337)	(151,611)	(68,050)
Profit Before Tax	1,077,231	352,779	1,004,200	803,515	1,047,060	905,630
Taxation	(364,773)	(128,246)	(301,191)	(249,924)	(370,228)	(308,509)
Profit After Tax	712,458	224,533	703,009	553,591	676,832	597,121

CASH FLOW STATEMENT

Cash flows from operating activities	1,768,263	200,587	842,189	1,780,564	543,869	1,489,117
Cash flows from investing activities	(730,915)	607,037	(572,029)	(923,751)	(1,962,606)	(762,270)
Cash flows from financing activities	(31,811)	(675,336)	(685,645)	(619,278)	668,462	478,422
Increase / (decrease) in cash & cash equivalent	1,005,537	132,288	(415,485)	237,535	(750,275)	1,205,269

ANALYSIS OF FINANCIAL STATEMENTS PROFIT & LOSS ACCOUNT

PARTICULARS	Vertical Composition of Profit & Loss Account						Horizontal % Change Year to Year					
	2010	2009 (Nine Months)	2008	2007	2006	2005	2010 vs 2009	2009 vs 2008	2008 vs 2007	2007 vs 2006	2006 vs 2005	2005 vs 2004
PROFIT & LOSS ACCOUNT												
Sales	100.0	100.0	100.0	100.0	100.0	100.0	85.9	-34.1	25.6	-4.7	23.4	41.9
Cost of sales	-92.2	-93.0	-92.5	-90.6	-90.6	-90.5	84.3	-33.8	28.3	-4.7	23.6	46.6
Gross Profit	7.8	7.0	7.5	9.4	9.4	9.5	107.0	-38.0	-0.5	-4.0	21.2	8.9
Distribution cost	-2.7	-2.0	-1.3	-2.2	-2.0	-2.1	154.6	1.4	-28.0	8.3	13.5	25.1
Administrative expenses	-1.0	-1.2	-1.1	-1.3	-1.1	-1.0	59.8	-27.3	8.8	13.0	29.5	20.6
Other operating income	0.9	0.7	1.3	0.9	1.0	1.2	159.9	-66.0	75.1	-12.9	0.9	233.4
Other operating expenses	-0.3	-0.1	-0.3	-0.4	-0.4	-0.7	526.5	-79.9	13.3	-19.8	-21.7	53.9
Profit from Operations	4.7	4.4	6.0	6.5	6.9	6.9	96.8	-51.9	17.1	-10.5	23.1	12.9
Finance cost	-0.5	-1.8	-1.2	-1.6	-0.9	-0.5	-55.3	-0.1	-6.4	77.7	122.8	238.7
Profit Before Tax	4.2	2.6	4.8	4.8	6.0	6.4	205.4	-64.9	25.0	-23.3	15.6	7.5
Taxation	-1.4	-0.9	-1.4	-1.5	-2.1	-2.2	184.4	-57.4	20.5	-32.5	20.0	3.6
Profit After Tax	<u>2.8</u>	<u>1.6</u>	<u>3.4</u>	<u>3.3</u>	<u>3.9</u>	<u>4.2</u>	<u>217.3</u>	<u>-68.1</u>	<u>27.0</u>	<u>-18.2</u>	<u>13.3</u>	<u>9.6</u>

CASH FLOW STATEMENT

Cash flows from operating activities	175.9	162.8	-202.7	749.6	-72.5	123.6	721.1	-74.4	-52.7	227	-63.5	169.9
Cash flows from investing activities	-72.7	447.7	137.7	-388.9	261.6	-63.2	-223.4	-203.5	-38.1	-52.9	157.5	-51.6
Cash flows from financing activities	-3.2	-510.5	165.0	-260.7	-89.1	39.8	-95.3	-1.5	10.7	-192.6	39.7	109.7
Increase / (decrease) in cash & cash equivalent	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>660.1</u>	<u>-131.8</u>	<u>-274.9</u>	<u>-131.7</u>	<u>-162.2</u>	<u>-251.8</u>

DIRECTORS' REPORT TO SHAREHOLDERS

The Directors of the Company take pleasure in presenting their report together with the Company's annual audited financial statements for the year ended March 31, 2010. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance, will be put forward to the members at the Forty Sixth Annual General Meeting of the company to be held on June 23, 2010.

Operating Results

The operating results of the Company for the year ended March 31, 2010 under review are summarized as follows:

	Year ended March 31, 2010	Nine months ended March 31, 2009
	(Rupees in `000)	
Profit before taxation	1,077,231	352,779
Taxation		
Current	373,580	104,411
Prior Years	-	34,016
Deferred	(8,807)	(10,181)
	364,773	128,246
Profit after taxation	<u>712,458</u>	<u>224,533</u>

Subsequent appropriations:

The directors have recommended a final cash dividend of Rs. 5.0 (2009: Rs. 3.0) per share along with a 15% (2009: 15%) bonus issue. Accordingly the following appropriations have been made:

	Year ended March 31, 2010	Nine months ended March 31, 2009
	(Rupees in `000)	
Profit available for appropriation	725,774	226,159
Appropriation:		
Cash dividend 50% (2009: 30%)	271,966	141,895
Bonus shares 15% (2009: 15%)	81,590	70,948
	353,556	212,843
Un-appropriated profit carried forward	<u>372,218</u>	<u>13,316</u>

Earnings per Share

The Basic and Diluted earnings per share after tax is Rs. 13.10 (2009: Rs. 4.13).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended March 31, 2010 and future prospects. The directors endorse the contents of the review.

Corporate Responsibility

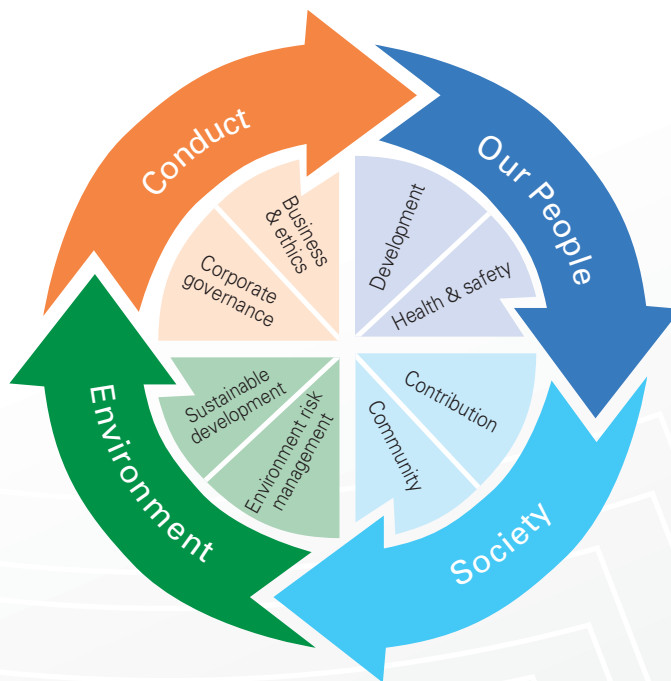
As a Pakistan's leading motorcycle and parts manufacturing company, Atlas Honda Limited is committed to being a world class corporate citizen. The Company including its employees recognizes Corporate Social Responsibility as a vital part of corporate activity and is therefore committed to a course of social responsibility for the sustainable development of society. Being one of the Pakistan's largest manufacturing company and with expanding network of more than 1,600 sales, service and spare parts dealers across Pakistan puts the Company in a unique position to create a positive difference in society. The Company strives to make the good performance of its business with a productive social responsibility program and activity.

Our Approach

The Company's approach to Corporate Responsibility (CR) is distributed in four sections - Conduct, People, Society and Environment and is structured around Business Principles. Operating in accordance with our business principles is essential prerequisite for outstanding sustainable performance and the Company believes that there is no trade-off between performance and principles. In all aspects of our operations, success depends on strong alignment with our stakeholders goals. Business principles flow through the Company via the Internal Control Framework. The approach highlights our performance to ensure that the Company operates responsibly.

CEO'S MESSAGE

Our continued success and growth as a company is contingent on the well being and higher standards of living of the people of Pakistan. We are committed to meet our obligations and fulfilling our corporate and social responsibilities in line with the highest international standards and local demand and need.



CONDUCT

Explains how we conduct our business in accordance with Business Principles and how we integrate CR into business processes.

OUR PEOPLE

Explains our employment practices, training and development programs and how we keep health, safety and security of our employees.

SOCIETY

Explains how we manage relations with communities impacted by our operations.

ENVIRONMENT

Explains how we manage our environmental risks.



CONDUCT

High standards of corporate governance are integral to Atlas Honda Limited business

Based on its fundamental corporate philosophy of transparency, full disclosure, independent monitoring and fairness to all, the Company places good corporate governance as its most important management objective. Through this it aims to foster an ultimate sense of trust with its customers, dealers, vendors, shareholders and society at large. The goal is that society perceives Atlas Honda as a Company which should continue to exist.

The Company prides itself on operating to the highest standards. It takes care to successfully manage any undesirable impacts on the environment and the broader community that might result out of its operations. It believes that conducting business with integrity and regard for others makes the Company more productive and effective in achieving its long-term strategic goals.

In pursuance of the foregoing, the Company has established a statement of business principles which highlights all of the corporate governance responsibilities. These are considered exceptionally central to this rapid changing corporate world and fast increasing economy. The principles include:

- To act with integrity, fairness and transparency.
- To comply with legal, regulatory and license requirements.
- That investment criterion takes account of economic returns, environmental impacts, social consequences and human rights.

The four pillars on which the Atlas Honda's basic philosophy regarding corporate governance rests are:

- transparency
- full disclosure
- independent monitoring
- fairness to all

The corporate governance principles

Business principles

- Compliance with business principles is an essential element.
- The Board of Directors is responsible for ensuring that principles are communicated to and understood and observed by all employees.
- Compliance with the Code is subject to review by the Board supported by Audit Committee of the Board. The Board of the company expects employees to bring to their attention, or to that of senior management, any breach of these principles. Compliance of business principles is monitored and assurance is given each year.
- Operations are in accordance with principles of good corporate governance.

Honesty, integrity and openness

- Conduct operations with honesty, integrity and openness, and with respect for human rights and interests of the employees.
- Respect the legitimate interests of all those with whom it has relationship.
- Compliance with laws, rules and regulations of Pakistan.
- Create working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of the company.
- Equal opportunity employer.
- Safe and healthy working conditions for all employees.
- Restriction on any form of forced, compulsory or child labour.
- Provide branded products and services and offering value in terms of price and quality.
- Products and services are accurately and properly labeled, advertised and communicated.
- Supply of timely, regular and reliable information to all shareholders.

Relations with stakeholders

- Committed to establish mutually beneficial relations with its suppliers, customers and business partners.

Corporate Social Responsibility

- Strives to be a trusted corporate citizen and fulfill its responsibilities to the society and communities.

Environmental

- Continuous improvements in the management of environmental impact.

- Works in partnership with others to promote environmental issues and disseminate good practice.

Innovation

- Innovations to meet consumer needs and respect the concerns of consumers and society.
- Works on the basis of sound research and applying high quality standards.

Competition

- Believes in fair competition and supports compliance of relevant competition laws.
- Employees will conduct operations in accordance with the principles of fair competition.

The corporate governance practices

The Board of Directors of Atlas Honda Limited is committed to the principles of Good Corporate Governance. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

Board of Directors

The Board comprises of five executive and three non-executive directors. The non-executive directors are independent from management. The directors of the Company were elected in the Extra Ordinary General Meeting of the Company held on March 24, 2008.

During the year, five Board meetings were held. The attendance of the directors and the number of their directorships in listed companies, including Atlas Honda Limited is as follows:

S. No.	Name of Directors	Attendance	Number of directorship in listed companies
1	Mr. Yusuf H. Shirazi	4	7
2	Mr. Saquib H. Shirazi	5	4
3	Mr. Sherali Mundrawala	5	1
4	Mr. Sanaullah Qureshi	5	3
5	Mr. Nurul Hoda	5	1
6	Mr. Osamu Ishikawa	5	1
7	Mr. Koji Takamatsu	-	1
8	Mr. Masahiro Takedagawa (Resigned w.e.f March 30, 2010)	-	2
9	Mr. Takashi Nagai (Appointed w.e.f March 30, 2010)	-	2

To ensure objective control, the Board and the Management have established a number of committees to oversee key areas of the Company's operations.

Audit Committee

This committee reviews the financial and internal reporting process, the system of internal controls, management of risks and the internal and external audit processes. It also proposes the appointment of external auditors to the Board and is directly responsible for oversight of their work and their remuneration. An independent internal audit function reports to the committee regarding risks and internal controls across the organization. The Audit Committee receives reports from external auditors on any accounting matter that might be regarded as critical. The detailed Charter of the Audit Committee developed in accordance with the Code of Corporate Governance is contained in the listing regulations of the stock exchanges.

The Audit Committee consists of three members. Majority of members including the chairman of the committee are non executive directors.

Members of the committee :

- Mr. Sanaullah Qureshi (Chairman)
- Mr. Sherali Mundrawala
- Mr. Nurul Hoda

The Audit Committee met four times during the year ended March 31, 2010.

The Audit Committee has reviewed the quarterly, half yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendations of the internal auditor.

Business Ethics Committee

The Audit Committee has formed a Business Ethics Committee which comprises of members from the senior management of the Company from various areas of operation. The terms of reference of the committee require the committee to meet at least twice a year.

The major responsibilities of the committee include:

- to ensure that there is effective communication reinforcing ethical values, good practices in the business, and respect for all individuals.
- to conduct regular self assessment / verification through implementation of Compliance Checklist System.
- to assess and monitor implementation of suggestions or concerns raised by the Company Staff.
- to develop mechanisms, like needs analyses, to identify employee's areas of concern or confusion.

Management Committee

The Management Committee ensures that a proper system is developed and working that enables swift and appropriate decision making. It acts in an advisory capacity to the CEO at the operating level, providing

recommendations relating to business and other corporate affairs. It is responsible for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. It is also responsible for maintaining a healthy environment within and outside through its environment friendly products. The committee is organized on a functional basis and meets monthly to review the performance of each function against set targets.

Internal Audit Function

A team of suitably qualified personnel have been positioned to carry out the internal audit function on a full time basis. The internal audit function reports directly to the audit committee of the board.

Treasury Committee

This Committee comprised of three members and is constituted to decide on matters relating to short-term investments in the day to day operations of the Company. The decisions of the Treasury Committee are subsequently ratified by the Board.

Internal audit findings and their status:

Year	No. of findings	Compliance
FY 05-06	49	49
FY 06-07	56	56
FY 07-08	43	43
FY 08-09	44	43
FY 09-10	94	87

Risk Management Committee

This Committee also comprises of three members which reports to the CEO. It has been constituted to develop and oversee the risk management policy. Whilst the Business units are responsible for mitigating and covering their risks, overall risk management function is part of the company's treasury. It reviews the business risk profile, prepares the risk management policy, cooperates in the implementation of risk mitigation work with business units and develops insurance schemes with insurance companies. The Board Audit Committee reviews and assesses the adequacy of risk management measures. The risk management policy is endorsed by the Board of Directors.

Environment, Health, Safety and Security Committee

The Company assures compliance with applicable environmental, health, safety and security (EHS&S) laws and regulations through this committee. The Company is committed to and recognizes its responsibility to protect and maintain the highest quality of environment and the health and safety of its employees and the public. It firmly believes that it must continuously earn the trust and confidence of its employees, customers, shareholders and neighboring communities and other stakeholders in its EHS&S performance.

Social Responsibility Committee

The Company is continuously involved in fulfilling its commitments as a responsible corporate citizen. To this end it has formed a Social Responsibility Committee which ensures compliance of Social Performance Governance Framework. The Company believes that it must continuously undertake social and philanthropic activities to provide benefits for society.

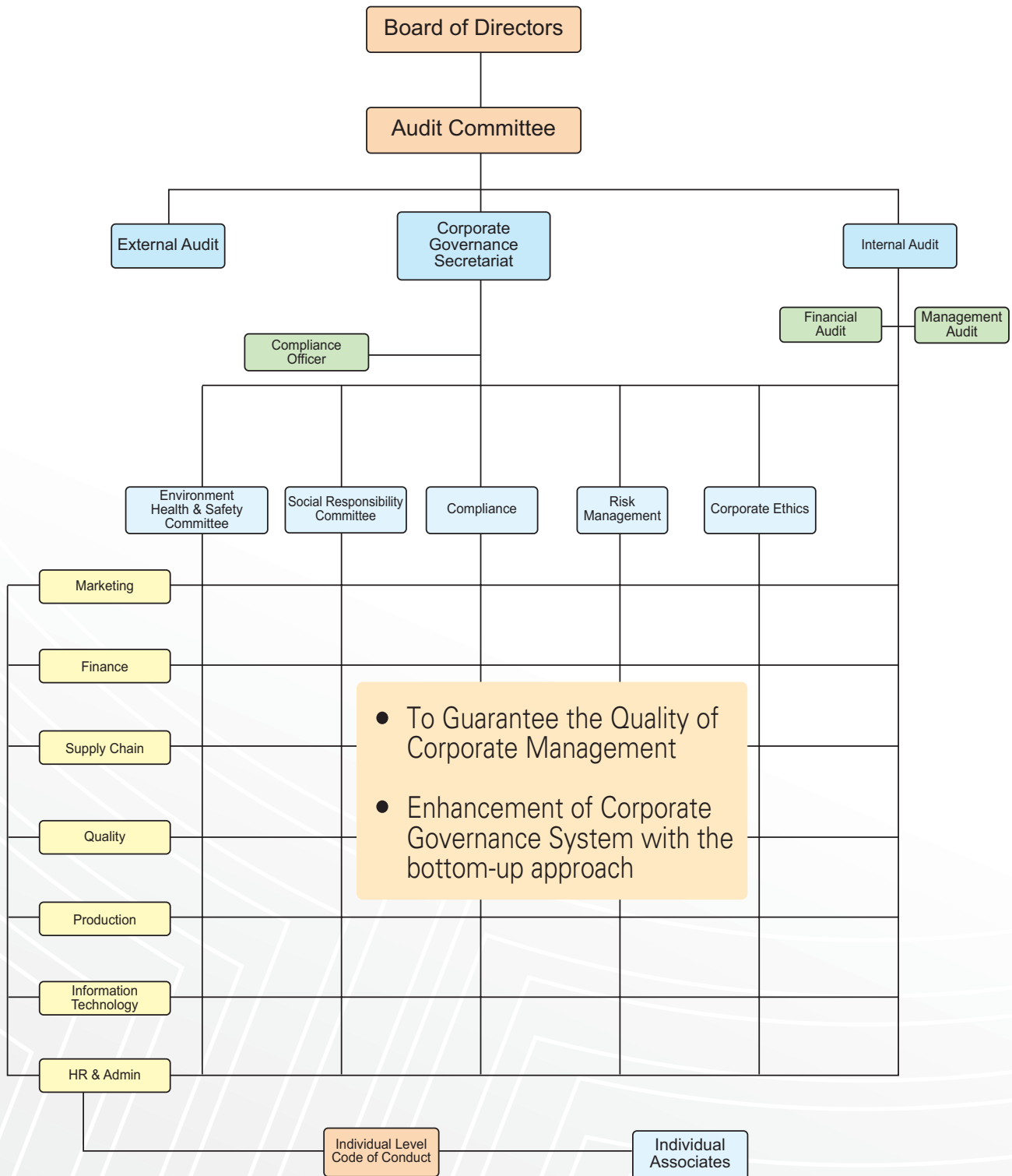
The relevant organogram is provided in table A which is annexed to the report.

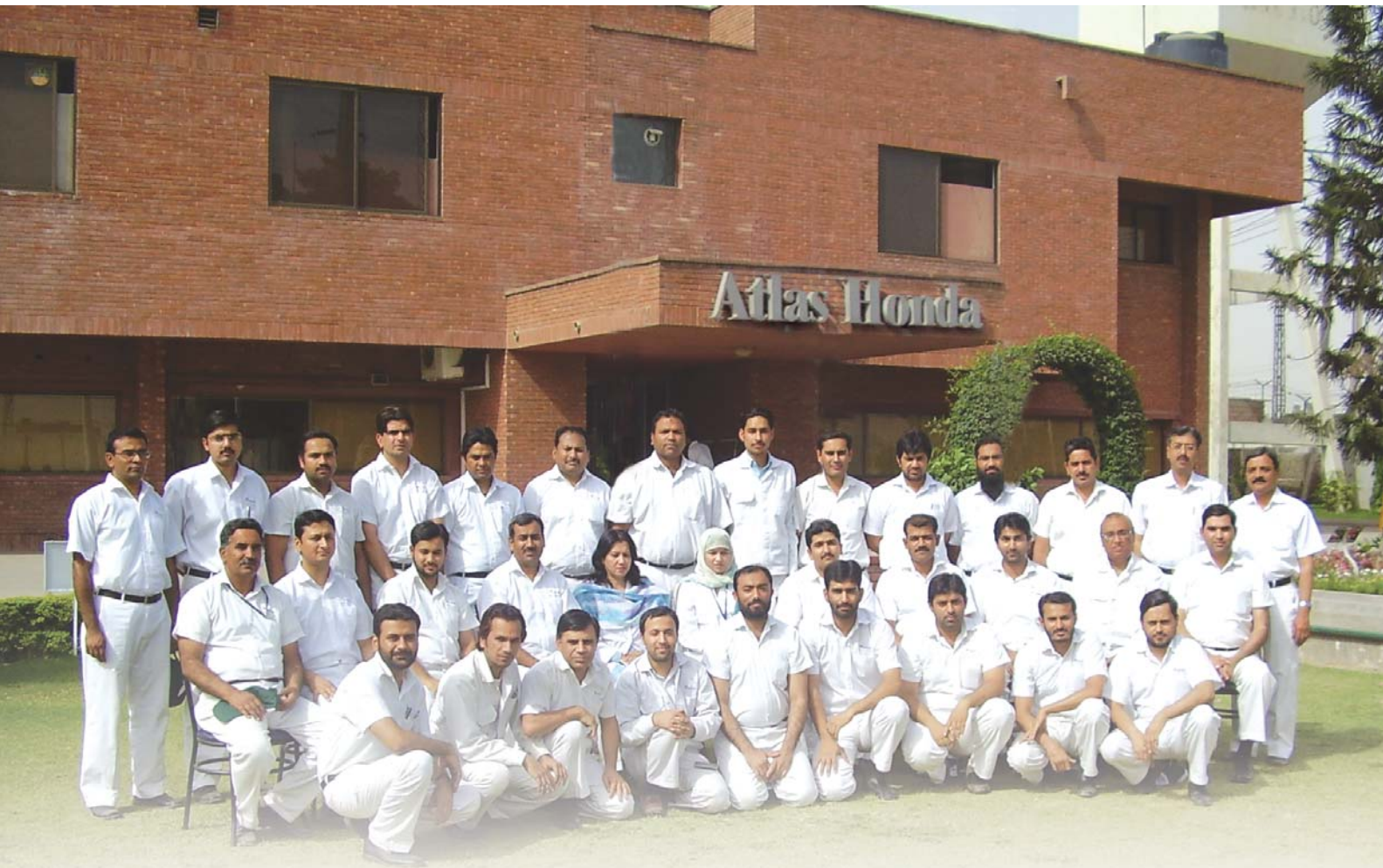
Statutory Auditor of the Company

The present Auditors M/s Hameed Chaudhri & Co., retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has recommended their re-appointment as auditors of the Company for the year 2010-11.

Table-A

Organization Chart





OUR PEOPLE Our aim 'the organisation development through self development'

The Company views its people as its most important resource. Its associates are its partners in business and the single most important reason of success. In the complex business environment of today, a business needs to innovate perpetually, be alive to relationships with other businesses, communities and government. A vibrant business has the advantage of the expertise, integrity and creativity of its team. The Company encourages its associates to improve their skill sets continuously and provide them opportunities to advance their careers on the strength of their contribution to the common good. The Company values diversity. It recruits, promotes and rewards associates on merit and without discrimination.

The Company's culture is proudly unique. The work ethic has its roots in more than 47 years of practice of responsibility and dedication. The consistency with which high ideals have been pursued in good and tough times have made it a special place to work.

Our Approach to Our People

SELECTION

We firmly believe in recruitment on merit regardless of religion, sect, cast, gender, or linguistic differences. At Atlas Honda Limited, we have associates from a diverse background and ethnic mix drawn from all over the country. Being an equal opportunity provider means more than just gender equality at the Company. Emphasis is placed on merit at every stage of the selection process. Right person for the right job is ensured through matching qualification and experience with the job requirement and these are the determining factors in the selection process. Talent is identified and nurtured. Equality of opportunity is maintained while filling in vacancies within the organization. This improves motivation and helps to maintain the distinct culture of the Company.

MOTIVATION

The theory of Management By Objectives (MBO) is practiced to encourage top performers. Annual performance bonus is linked to clearly defined and agreed performance criteria e.g. profitability and productivity. Appraisal is based on achieving these agreed goals and objectives and acknowledging individual contribution to the business goals of the organization. Appraisal entails an open discussion about performance, development and career path and includes objective setting for the following year as agreed between the employee and his supervisor. In case of disagreement of assessment, there is a procedure for grievance handling. We recognize that respect begins with listening and responding to people.

DEVELOPMENT

Our philosophy is driven by Group motto "organisation development through self development." Accordingly we are committed to excellence in training and development of manpower appropriate to their abilities, duties and responsibilities. At every level of the organization, skill development and personal growth opportunities are offered to associates. Key executives are sent for advanced training to premier international institutions like Harvard, Wharton, Stanford, IMD. Moreover, many associates are offered Executive MBA and Atlas Diploma in Business Management from distinguished institutions like LUMS and IBA. Training needs are assessed and accordingly either in-house training sessions are conducted or external courses are identified to provide the necessary training and development of the human resource.

We attract talented individuals for management trainee programs designed to provide fast track career growth for entry level individuals. This program helps qualified, skilled and talented individuals to achieve high career growth within a short span of time. After completion of successful management training period, individuals are placed as Assistant Manager in their respective fields.

To foster team work and strengthen associates integration, we arrange picnics and organize family day functions every year. In these activities all associates irrespective of their area of responsibility and position in the hierarchy get to meet each other and their families in a relaxed and informal atmosphere.

The Company operates under the basic principles of "Respect for the individual" and "The Three Joys" - commonly expressed as The Joy of Buying, The Joy of Selling and The Joy of Creating. "Respect for the individual" reflects our desire to respect the unique character and ability of each individual person, trusting each other as equal partners in order to do our best in every situation. The Company's Human Resource Policies articulate the Company's commitment to a work environment that supports initiative and commitment and works strongly against discrimination.

Health, Safety & Security

The Company believes in environment friendly production with reduced waste and minimum pollution. The Company have comprehensive health, safety and environment programs in which training is provided to employees for reducing injuries and illnesses, eliminating hazards and conducting fire fighting drills, etc. Efficient resource management is practiced in which special focus is on effective use of electricity and promoting recycling and reusing techniques. The Company is constantly improving its environment, health and safety of its people.

The Company motto is *Safety First!*

Employee Benefits

The Company operates a contributory provident fund scheme for all employees and defined benefit gratuity fund scheme for its management/non-management employees. The value of investments as at March 31, 2010 are as follows:

- Provident Fund Rs. 505.84 million
- Gratuity Fund
 - Management Staff Rs. 89.80 million
 - Non-Management Staff Rs. 39.27 million

Long Service Award

To recognize loyalty and long service, associates are awarded gold medals for the period of their continued service of 15, 20, 25, 30, 35 and 40 years. The grammage of gold is equivalent to the service years of the associate. On retirement, the associates are also awarded with 20 grams gold medal. This year the Company awarded 195 gold medals to its associates.

Human Resource Activities in 2010

Description	Numbers
External Training Programs	108 associates
Internal Training Programs	548 associates
Abroad Training Programs - Japan	3 associates
Abroad Training Programs - Thailand	2 associates
Internship Trainings	76 students
IBA Diploma Program	17 associates
Internal Recruitment	83 persons
External Recruitment	34 persons
Separations	47 persons
Attrition Rate (%)	2.94%

SOCIETY

We aim to contribute to the socio-economic aspects of the sustainable development plans of communities and governments

Atlas Honda Limited prides itself in being a responsible corporate citizen. The Company has a strong focus on responsibility towards the society, customers, shareholders, employees and business partners. Its modern systems and processes are reviewed periodically in line with the needs and requirements of manufacturing.

CHAIRMAN'S MESSAGE

In his speech on family day held on April 24, 2010, Chairman emphasized on the importance of corporate social responsibilities (CSR) for the success and well being of the Company. Apart from the Company, he also advised employees and executives to spend time and efforts on CSR activities. In particular, associates should take responsibility for education or bearing medical expenses of atleast one underprivileged child on their own.

DONATION POLICY

The Company follows a policy approved by the Board of Directors to donate 1% of profit before tax of each year to be paid in the following year to an approved charitable institution under section 61 of the Income Tax Ordinance, 2001 engaged in support of education and health.

Health
Blood group awareness

The Company in collaboration with The Red Crescent Society arranged a blood group screening camp. The purpose was to develop blood bank that would help the associates in the time of need. At the end, some blood screening equipments were donated to society.


Blood Donation to Fatmid Foundation

The Company arranged a blood donation camp to collect and donate blood to poor thelesemea patients. This year employees donated 382 pints of blood to the foundation which is the ever highest collection of blood from any industrial concern.

MOU between Punjab Red Crescent Society and Atlas Honda Limited

An MOU has been signed between the Company and Punjab Red Crescent society in Lahore. This agreement will provide free blood group test facility to 10,000 students of various universities and colleges and the expenses will be borne by the Company.



Safety & Security



Safety lectures in educational institutions

Our vision is a community which exhibits itself as an exemplary, immaculate nation on the road. In this regard, safety lectures were delivered to Government and private educational institutions. More than 20,000 students and users availed this opportunity.

Student safety advisor

Students of class 7 to 9 from more than 100 schools throughout Pakistan have been trained to play a role in promoting safety education in their respective institutions. These students have been tagged "student safety advisors" and their activity will be monitored and instructed through the web.



Light Checking activity

The purpose was to create awareness of properly working lights in motorcycles. The activity comprised of checking, repairing and replacing lights free of cost. This service was provided to more than 10,000 motorcycle users of all brands in 20 cities of Pakistan.

Education

Atlas Foundation

The Company has funded the Citizen Foundation through Atlas Foundation to establish The Citizen Foundation School, Atlas Campus at Sheikhpura. It presently has a capacity for 210 students and 120 children are already enrolled in the school. The foundation is a reputable non-profit organization that manages over 450 schools.



Special Education

The Company supports the Milestone Charitable Trust through the Atlas Group which is the first Bi-Lingual language based treatment centre for special children.

Training Workshop at SOS

A technical training room for students has been developed at SOS Children's Village Karachi.



Internship program

The Company helps different educational institutions and provides internship program, study tours and assists engineering students to perform their projects at its premises.

Infrastructure Development

Rehabilitation of Internally Displaced Persons (IDP)

In these testing times for our country, many of our brothers and sisters were displaced from their homelands in the northern areas. The Company, along with its global partner Honda Motor Company Japan lent a helping hand by donating generously and providing food and shelter to the victims of the effected areas on a continuous basis. The associates also contributed one day salary to the IDP fund.

Water Filtration Plants

Drinking water in the vicinity of Sheikhpura is not according to the standards of WHO and causing hepatitis and diarrhea among residents. Therefore, the Company has planned to donate three water filtration plants in the area to provide clean water. Waste water treatment plant has been built at Sheikhpura plant to treat used water before it is drained out of the factory.



Rehabilitation of Prisoners

The Company has established a training centre for prisoners at Kot Lakh Pat Jail, Lahore. The objective is to provide a skill to earn a livelihood upon release as a responsible and productive part of the society.

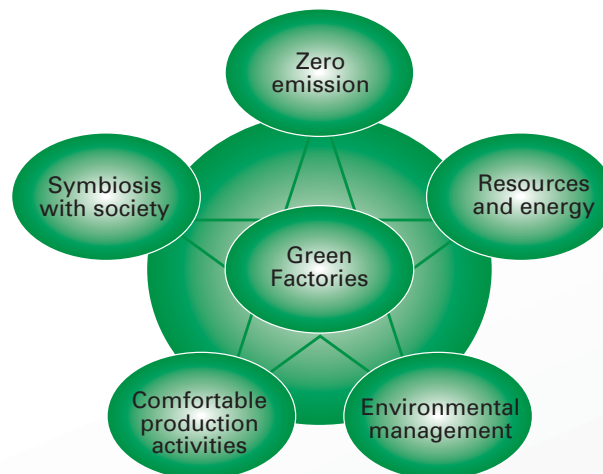
ENVIRONMENT You must be the change you wish to see in the environment

Green Factory

The Company employs a variety of resources and energy in its production processes to manufacture products. It has implemented measures to develop them into 'Green Factories' to minimize the impact of these processes on the global environment, improving working environment and promoting symbiosis (living together) with local communities around its factories. Further, we are conducting various environmental conservation activities in cooperation with suppliers of materials and parts, encouraging them to obtain ISO 14001:2004 certification.

The emphasis of the Company during the current

year has been the implementation of '**GREEN FACTORY**' initiative at both our Karachi and Sheikhpura Plants. The Sheikhpura Plant has already met the toughest international environmental management standards (ISO 14001:2004), covering a host of environmental areas, such as waste disposal, water treatment and energy use. The ultimate objective is '**reduction of environmental impacts to zero to achieve environment-friendly factories that local people can be proud of**' and it revolves around a number of initiatives such as Zero Emissions, Resources and Energy, Environmental Management, Comfortable production activities and symbiosis with society.



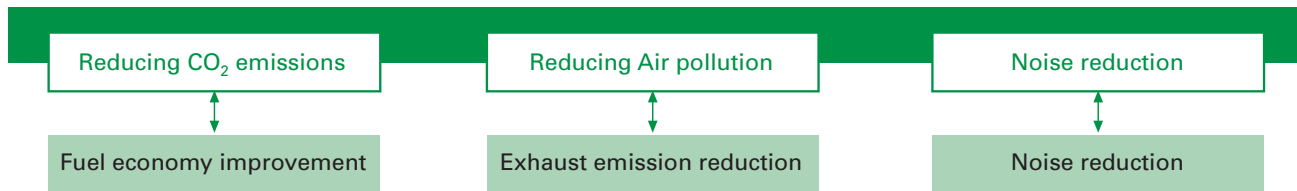
ENVIRONMENTAL POLICY

- Reduce and prevent the generation of waste and pollution in our production system.
- Establish management program to promote energy conservation and reduce waste.
- Comply with requirements of environmental legislation and local regulations as a responsible corporate citizen.
- Promote relevant environmental protection knowledge and activities through education and training.
- Initiate and extend environmental improvement activities from the Company itself to its business partners including parts manufacturers, general suppliers and dealers.

Zero Emissions

Focusing on zero carbon emission, the Company introduced another Euro-II Compliant Model in 125cc category in line with Global policy of Honda Motor Japan for reducing Carbon Emission.

Major initiatives in product development



Added ASV unit for 2nd stage burning to reduce emission



New Euro-II standard carburetor for fuel efficiency and reduction in emission

New design of exhaust muffler using materials which are environment friendly

Specifications	
Fuel Consumption	55 km / litre
Cushion Stroke	135 mm
Horse Power	8.31 kw
Torque	101 kg f m @ 7000 rpm
Riding Capacity	150 kg
Max. Speed	100 km / hr

Emission Standards based on Euro-II	
CO (idle)	4.5 %
CO (test bench)	5.5 g / km
HC	1.2 g / km
Nox	0.3 g / km

Resources And Energy

Energy Conservation



- The Company installed energy saving units for air circulation system in Frame Assembly shop which saves upto 30% of energy.

- 400 watts bulbs have been replaced with 250 watts bulbs keeping in view lux levels of different areas. This will result in energy saving of 240 Kwh/day.



- The Company installed energy efficient variable speed drive Compressors resulting in saving of 432 Kwh/day.
- Tube lights and computer monitors are switched off during lunch time in order to save energy.

Natural Illumination

The Company built structures that use natural sunlight as a source of illumination inside the buildings. During the day time 50% of Hi Bay lights are turned off resulting in energy saving of 36Kwh/Day



Conserving Water

The water has become an important natural resource. The Company installed a closed circuit water system for Fuel Tank shop at its Sheikhpura factory resulting in saving of 250 litre/min of water and 9,720 m³ of water saving.

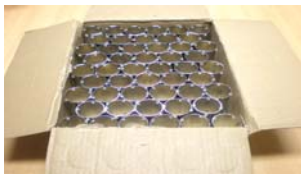


Reducing Noise

The Company installed gas generators at its Sheikhpura Plant which not only reduced CO₂ emissions but also reduced noise from 97 DB to 85 DB. The Company is not stopping at this, as it has a strong adherence to three R's philosophy as follows:

Resource Conservation (3 R's)

Reuse: Raw materials used in Honda's manufacturing process are not just sent to landfills. They are reused in the most efficient ways possible.



- 70% of the parts are now shipped through reusable plastic bins instead of corrugated papers bringing more efficiency in the operations as well as reducing organization ecological foot print.
- Cutting tools that were normally disposed off by the Company as scrap are reused by the vendors in their low precision operations.
- Vinyl sheets used in imported consignments are reused for packing locally manufactured parts between factories.

Recycle: Recycling improves the bottom line at the same time healing the skyline. The Company annually saves material and cost from recycling material, cardboard and plastic from its facilities.

- The Company re-used steel cases already used in imports for shipping local parts between its factories.
- The Company recycles aluminum left over from processing to save resource.
- The steel sheet leftover is reused in the processing of other parts.

Reduce: When it comes to improving operations, the Company listens to the people who know best, "our own employees". The Company associates have provided many of the recommendations which are now in place that have helped reduce waste. The Company has been making efforts for promoting energy conservation, reducing carbon emissions and waste reduction.

Sr.#	Description	2009	2008	2007	2006	2005
1	CO ₂ emissions	9,611	16,231	33,070	31,259	16,636
2	Diesel (Litres)	352,264	1,023,707	1,128,318	3,334,000	-
3	Purchased Electricity (mwh)	5,843	10,143	14,810	12,374	5,806
4	VOC (gm/m ²)	1,020	1,803	-	-	-
5	Waste Generation (ton)	3,678	6,852	12,766	38,220	4,068

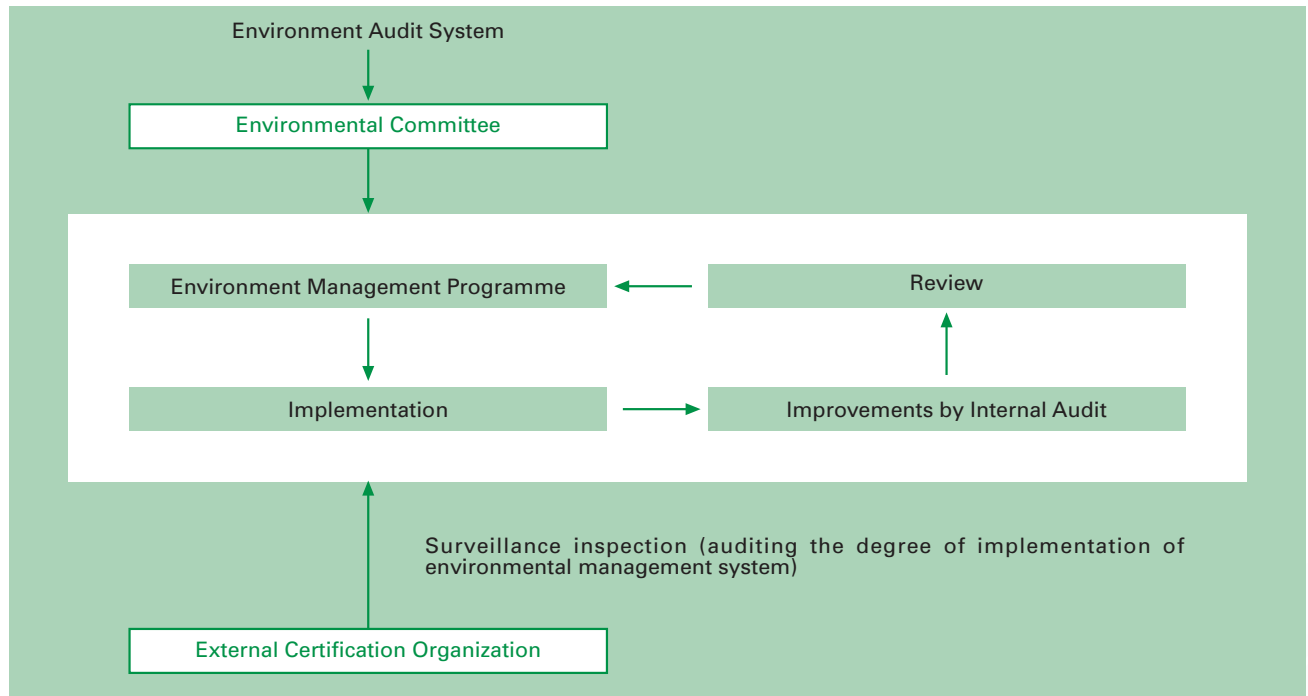
Environmental Management

Organization

In December 2008, the Company established the Environmental Management System and acquired ISO 14001:2004 certificate, being the first two wheeler in Pakistan to achieve this benchmark.

Environmental Audit

Environmental initiatives at the Company are implemented in accordance with an environmental Management system based on annual targets and environmental plan determined by the Environment Committee.



Comfortable Production Activities

As a policy the Company ensures provision of most comfortable production environment for its associates, ensuring that they can focus on their work and produce the best quality product. Further, it encourages employees to suggest better ways of doing things. A few examples include:

- Fumes of coolant which is sprayed on the die in HPDC shop are exhausted. If not exhausted they make the environment foggy and uncomfortable.
- Exhaust system in the final inspection area which takes in the carbon monoxide produced during testing and discharges it away so that employees working in that area are not exposed to constant emissions.



Symbiosis With Society

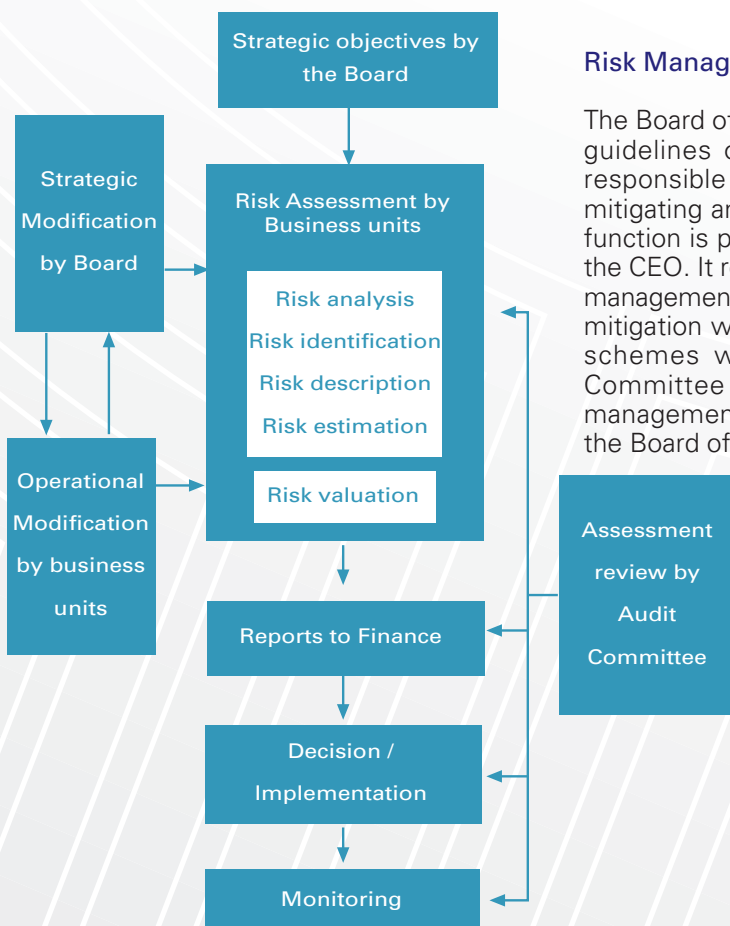
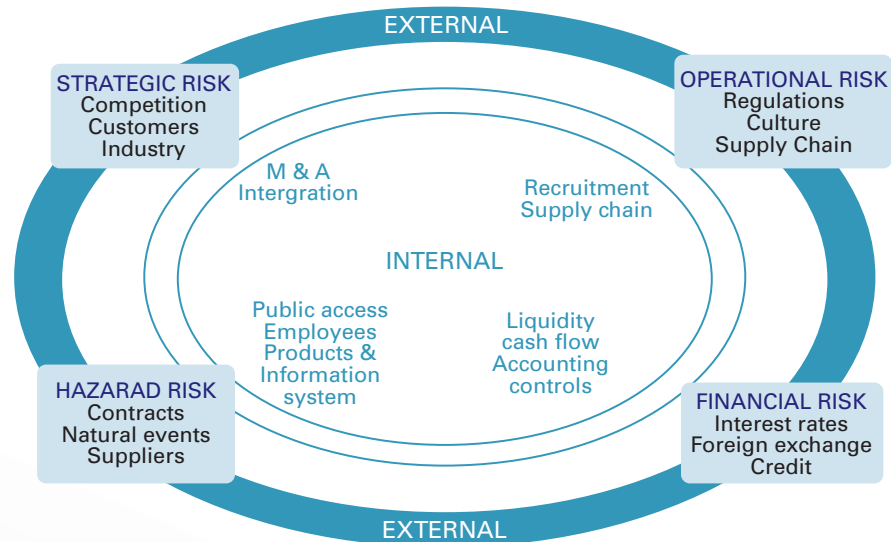
Symbiosis means 'Living Together' or 'Mutualism' with the environment around the Company. The environment includes both natural plantation and the people living around the Company. The Company takes pride in operating in a way which is mutually beneficial for both the Company as well as community around it, such as using waste water after treatment for gardening and encouraging plantation around the factory.

RISK MANAGEMENT

We manage risks not to minimize loss, but to explore opportunities and threats.

Risk management is the central part of Atlas Honda Limited. The Company is continuously analyzing and managing all the opportunities, threats and risks faced by the Company to achieve its goals. The basis for risk management is the life cycle quality of the Company operations and products, and the continuous, systematic loss-prevention work at all the levels of the Company on the principle that 'everybody is responsible'. Atlas Honda Limited is involved in identification and treatment of these risks. Its objective is to add maximum sustainable value to activities of all business units. The Company identifies risks on the basis of its exposure to uncertainty and approaches in methodical way to ensure that all significant activities within organization have been covered.

The relevant risks for the Company have been classified in four sections; Strategic, Operational, Hazard and Financial risks as per given diagram.



















Risk Management Process

The Board of Directors and the Management decide and give guidelines on strategic matters. The Business units are responsible for achieving their strategic goals set and for mitigating and covering all their risks. The risk management function is part of the Company's treasury, which reports to the CEO. It reviews the business risk profile, prepares the risk management policy, cooperates in the implementation of risk mitigation work with business units and develops insurance schemes with insurance companies. The Board Audit Committee reviews and assesses the adequacy of risk management. The risk management policy is endorsed by the Board of Directors.

The following table summarizes the risks which are faced by the company along with their categories, indicators and mitigating measures.

Table - Risk Assessment

Description	Risks	Indicators	Mitigating Measures
Strategic Risks			
Business / political environment		<ul style="list-style-type: none"> Economic conditions Legislative changes Law and order situation 	<ul style="list-style-type: none"> Flexible manufacturing model based on capacity Manufacturing facilities at different locations
Market and customer		<ul style="list-style-type: none"> Demand volume Lifestyle Customer loyalty 	<ul style="list-style-type: none"> Model line up Brand leadership Largest manufacturing capacity Largest dealership network and service centre facilities
Competitive situation and price		<ul style="list-style-type: none"> Inflation Advertising campaigns Brand image 	
Technology risk		<ul style="list-style-type: none"> Brands Product performance 	<ul style="list-style-type: none"> Patents, rights, standard contracts Model line up
Operational Risks			
Supply Management / copy rights / company specifications		<ul style="list-style-type: none"> Quality Cost Lead time delivery 	<ul style="list-style-type: none"> Contractual agreement Compliance audit
Suppliers liquidity and solvency		<ul style="list-style-type: none"> Liquidity crunch 	<ul style="list-style-type: none"> Frequent review of suppliers
Energy and power		<ul style="list-style-type: none"> Energy shortages Power crisis Price hike 	<ul style="list-style-type: none"> Alternate resources of energy
Metal prices		<ul style="list-style-type: none"> International trend Domestic situation 	<ul style="list-style-type: none"> Annual agreements are in place to balance the short-term fluctuations Key components are sourced with long-term contracts
Employee turnover		<ul style="list-style-type: none"> Separations Employees regrets 	<ul style="list-style-type: none"> Building capabilities Appraisals / half yearly performance review Motivation / training
Hazard Risks			
Information technology		<ul style="list-style-type: none"> System support Back up Data security 	<ul style="list-style-type: none"> Business continuing process
Occupational health and safety systems, travel safety instructions		<ul style="list-style-type: none"> Number of accidents 	<ul style="list-style-type: none"> Awareness and training of employee
Crisis management		<ul style="list-style-type: none"> Fire Accidents Fatalities 	<ul style="list-style-type: none"> Plants are situated outside of natural catastrophic areas Insurance policies Drills are conducted regularly
Financial Risks			
Foreign exchange		<ul style="list-style-type: none"> Change in value of Pak Rupee 	<ul style="list-style-type: none"> Forward foreign exchange contracts if permitted by SBP
Interest rate		<ul style="list-style-type: none"> Inflation Monetary policy 	<ul style="list-style-type: none"> Adequate interest rate swap agreements
Liquidity and refinancing		<ul style="list-style-type: none"> Monetary policy Motorcycle bookings 	<ul style="list-style-type: none"> Short term running finance facilities
Credit		<ul style="list-style-type: none"> Credit policy Number of defaults 	<ul style="list-style-type: none"> Credit sales to Government organizations where credit is secure



High



Medium



Low

Material changes

There have been no material changes since March 31, 2010 to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

Communication

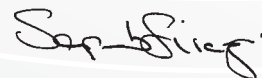
Communication with the shareholders is given a high priority. Annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a web site www.atlashonda.com.pk, which contains up-to-date information of the Company's activities.

Corporate and Financial Reporting Framework

The directors confirm under clause (xix) of the Code of Corporate Governance that:

- The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- A summary of key operating and financial data of the Company is annexed.
- Information about taxes and levies is given in notes to the accounts.

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: May 7, 2010

- STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
- REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE
- AUDITORS' REPORT TO THE MEMBERS
- FINANCIAL STATEMENTS



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

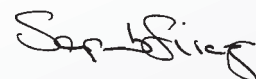
The Company has applied the principles contained in the Code in the following manner:

- The Company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes three non-executive directors.
- The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- Directors, CEO, CFO, Company Secretary and their spouse and minor children have not made transactions in the Company's shares during the year other than that disclosed in the pattern of shareholding.
- 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.
- One casual vacancy occurred on the Board during the year which was promptly filled.
- Executive directors of the Company are not in excess of 75% of total number of directors.
- The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the Company.
- The Board has developed a vision 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.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board. .
- 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.
- The directors' report for the year ended March 31, 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
- The directors, CEO and executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the corporate and financial reporting requirements of the Code.
- The Board has already formed an Audit Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.

This statement is being presented to comply with the Code of Corporate Governance in the 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 meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code.
- 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 a full time basis.
- The related party transactions have been reviewed and approved by the Board of Directors and placed before the Audit Committee in accordance with the listing regulations of the stock exchange.
- The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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.
- 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.
- We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: May 07, 2010

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/ N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended March 31, 2010.



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: May 07, 2010
Audit engagement partner: Abdul Majeed Chaudhri



HAMEED CHAUDHRI & CO.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
 KARACHI CHAMBERS,
 HASRAT MOHANI ROAD,
 KARACHI.
 PHONES : 3242 4826 - 3241 2754
 FAX : 3242 4835
 E-MAIL : majeed@khi.comsats.net.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Atlas Honda Limited ("the Company")** as at March 31, 2010 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We 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 described in Note 3.1 to the 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at March 31, 2010 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi: May 07, 2010
 Audit engagement partner: Abdul Majeed Chaudhri

Hameed Chaudhri & Co.
 HAMEED CHAUDHRI & CO.
 CHARTERED ACCOUNTANTS

**BALANCE SHEET
AS AT MARCH 31, 2010**

	Note	March 31, 2010	March 31, 2009
----- (Rupees in `000) -----			
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	3,224,897	3,412,901
Intangible assets	8	8,053	16,601
		<u>3,232,950</u>	<u>3,429,502</u>
Investments - Available for sale	9	-	-
Long term loans and advances	10	18,810	14,359
Long term deposits	11	11,336	8,964
CURRENT ASSETS			
Stores, spares and loose tools	12	322,592	428,188
Stock in trade	13	1,664,297	1,792,036
Trade debts	14	445,689	320,180
Loans and advances	15	40,485	37,646
Trade deposits and prepayments	16	39,079	64,637
Investments at fair value through profit or loss	17	1,088,996	455,816
Accrued mark-up / interest	18	4,513	520
Other receivables	19	11,566	39,809
Sales tax refundable - net		-	61,262
Advance tax - net		-	91,308
Cash and bank balances	20	1,641,963	636,426
		<u>5,259,180</u>	<u>3,927,828</u>
		<u><u>8,522,276</u></u>	<u><u>7,380,653</u></u>

The annexed notes 1 to 48 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

BALANCE SHEET
AS AT MARCH 31, 2010

	Note	March 31, 2010	March 31, 2009
----- (Rupees in `000) -----			
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	21	543,932	472,985
Reserves	22	2,622,118	2,622,118
Unappropriated profit		725,774	226,159
		<u>3,891,824</u>	<u>3,321,262</u>
NON CURRENT LIABILITIES			
Long term liabilities	23	512,500	375,000
Deferred Liabilities	24	600,015	575,862
		<u>1,112,515</u>	<u>950,862</u>
CURRENT LIABILITIES			
Trade and other payables	25	3,068,480	2,646,221
Sales tax payable		41,519	-
Accrued mark-up / interest	26	37,384	72,328
Current portion of long term liabilities	28	362,500	389,980
Provision for taxation - net		8,054	-
		<u>3,517,937</u>	<u>3,108,529</u>
CONTINGENCIES & COMMITMENTS	29		
		<u>8,522,276</u>	<u>7,380,653</u>

The annexed notes 1 to 48 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2010**

	Note	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
----- (Rupees in `000) -----				
Sales	30	25,554,772	13,747,820	19,440,575
Cost of sales	31	(23,555,842)	(12,782,165)	(18,093,248)
Gross profit		1,998,930	965,655	1,347,327
Distribution cost	32	(690,794)	(271,346)	(352,252)
Administrative expenses	33	(264,739)	(165,648)	(220,210)
Other operating income	34	233,205	89,744	173,103
Other operating expenses	35	(86,758)	(13,849)	(34,072)
Profit from operations		1,189,844	604,556	913,896
Finance cost	36	(112,613)	(251,777)	(361,067)
Profit before tax		1,077,231	352,779	552,829
Taxation	37	(364,773)	(128,246)	(188,069)
Profit after tax		712,458	224,533	364,760
Other comprehensive income		-	-	-
Total comprehensive income for the year / period		712,458	224,533	364,760
Basic & diluted earnings per share - Rupees	38	13.10	4.13	6.71

The annexed notes 1 to 48 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Note	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
----- (Rupees in `000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES	39	1,768,263	200,587	(211,473)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure		(292,347)	(356,315)	(503,576)
Investments acquired		(927,463)	(80,000)	(228,239)
Sale proceeds of fixed assets		28,757	12,934	16,168
Sale proceeds of investments		375,295	1,025,934	1,673,155
Mark up / interest received on deposits		87,093	14,753	20,110
Software development / acquisition cost		(2,250)	(10,269)	(9,401)
Cash (used in) / generated from investing activities		(730,915)	607,037	968,217
Net cash flow before financing activities		1,037,348	807,624	756,744
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition / repayment of long term loan - net		110,020	(356,440)	(406,440)
Payment of lease rentals		-	(13,317)	(15,309)
Dividend paid		(141,831)	(305,579)	(305,818)
Net cash used in financing activities		(31,811)	(675,336)	(727,567)
Increase in cash & cash equivalent		1,005,537	132,288	29,177
Cash and cash equivalent at beginning		636,426	504,138	607,249
Cash and cash equivalent as at March 31		1,641,963	636,426	636,426

The annexed notes 1 to 48 form an integral part of these financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2010**

(Rupees in `000)

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Gain on sale of land	General Reserve	Unappro- priated Profit	
Balance as at June 30, 2008	472,985	39,953	165	2,187,000	704,066	3,404,169
Total comprehensive income for nine months period ended	-	-	-	-	224,533	224,533
Final dividend (2008) @ Rs. 6.5 per share	-	-	-	-	(307,440)	(307,440)
Transfer to general reserve	-	-	-	395,000	(395,000)	-
Transactions with owners directly recorded in equity	-	-	-	395,000	(702,440)	(307,440)
Balance as at March 31, 2009	472,985	39,953	165	2,582,000	226,159	3,321,262
Total comprehensive income for the year	-	-	-	-	712,458	712,458
Final dividend (2009) @ Rs. 3.0 per share	-	-	-	-	(141,896)	(141,896)
Issue of bonus shares	70,947	-	-	-	(70,947)	-
Transactions with owners directly recorded in equity	70,947	-	-	-	(212,843)	(141,896)
Balance as at March 31, 2010	543,932	39,953	165	2,582,000	725,774	3,891,824

The annexed notes 1 to 48 form an integral part of these financial statements.



 Yusuf H. Shirazi
Chairman



 Saquib H. Shirazi
Chief Executive Officer



 Sherali Mundrawala
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

1. CORPORATE INFORMATION

- 1.1. Atlas Honda Limited (the Company) was incorporated as a public limited company on October 16, 1962 and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office is located at 1-Mcleod Road, Lahore. The manufacturing / assembly facilities of the Company are located at Karachi and Sheikhpura, with branches, warranty and training centers at Karachi, Multan, Lahore, Rahim Yar Khan and Rawalpindi. The Company is principally engaged in progressive manufacturing and marketing of motorcycles and auto parts.
- 1.2. The Company changed its financial year end from June 30 to March 31 with effect from March 31, 2009 and prepared its previous financial statements for the nine months period then ended. For this reason, the corresponding figures in these financial statements are as at and for the nine months period ended March 31, 2009 and therefore are not comparable. However, in order to ensure better presentation and comparability, the management has disclosed additional unaudited information pertaining to the year ended March 31, 2009 in the profit and loss account, cash flow statement and from note 30 to note 39.

This change was made to bring the financial year of the Company in line with the financial year followed by the Honda Motor Company Limited, Japan, an associated company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2. Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values and staff retirement benefits which is carried at present value.

2.3. Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded off to the nearest thousand.

2.4. Use of estimates and judgments

The preparation of financial statements in conformity with the above requirements also require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3. CHANGES IN ACCOUNTING POLICIES

3.1. Standards, amendments to published standards and interpretations that are effective for the annual periods beginning on or after January 1, 2009 and are relevant to the Company

- Revised IAS 1 'Presentation of Financial Statements' - effective January 1, 2009 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

The Company has chosen to present all non-owner changes in equity in one performance statement - Statement of comprehensive income (profit and loss account). Accordingly, items of income and expenses representing other comprehensive income have been presented in the profit and loss account and total comprehensive income have been presented separately from owners related changes in the Statement of changes in equity. Comparative information has been re-presented so that it is also in conformity with the revised standard.

As the change in accounting policy only impacts presentation aspects, there is no change in earnings per share.

- Revised IAS 23 'Borrowing Costs' (amendment) removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company's current accounting policy is in compliance with this amendment, and therefore, there is no effect on the Company's financial statements.
- IFRS 7 'Financial instruments - Disclosures' (amendment) - effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IFRS 8 'Operating Segments' introduces the "management approach" to segment reporting. IFRS 8, requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's decision makers in order to assess each segment's performance and to allocate resources to them. This IFRS has no impact on the financial statements of the Company.

3.2. Standards, amendments to published standards and interpretations that are effective for the annual periods beginning on or after January 1, 2009 but not relevant to the Company

- Other new standards, interpretations and amendments to existing standards which are mandatory for accounting periods beginning on or after January 1, 2009 are considered not to be relevant nor have any significant effect on Company's operations; therefore, they are not detailed in these financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Property, plant and equipment

Owned and leased assets

The Company has adopted the cost model for its property, plant & equipment. Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss if any. Cost includes expenditure that is directly attributable to bring the asset to a working condition for its intended use. Property, plant & equipment acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Individual item of property, plant & equipment costing Rs. 25,000 or less are not capitalised and charged off in the year of purchase.

Capital work in progress is stated at cost accumulated upto the balance sheet date.

Depreciation

Depreciation is charged to income on reducing balance method except dies & jigs, office equipment, computer & accessories, furniture & fixtures and service equipment, without considering extra shift workings.

Depreciation on dies & jigs, office equipment, computer & accessories, furniture & fixtures and service equipment is charged to income on the basis of straight line method.

Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The depreciation method, useful lives and residual values of items of property, plant & equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalised. Gains or losses on disposal or retirement of Property, plant & equipment are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.

4.2. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and identified impairment loss.

Cost associated with developing or maintaining computer software programs are recognized as an expense. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as Intangible assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Software licenses are amortised using the straight line method over the period of two years from the month the license is acquired. Whereas, ERP (SAP) implementation and support cost is amortised using the straight line method over the period of five years from the month ERP is available for use or from the month the extended support cost is incurred.

4.3. Impairment Loss

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of the asset.

4.4. Financial assets

4.4.1. Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than

12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and advances', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Company has the positive intent and ability to hold to maturity. There were no held to maturity investments as at balance sheet date.

d) Available-for-sale

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 the investment matures or management intends to dispose off within 12 months of the end of the reporting date.

4.4.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised 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 recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all 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. Held to maturity and loans and receivables are subsequently carried at amortised cost using the effective interest 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 within 'other operating income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the profit and loss account as 'gains and losses from investment securities'.

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

4.4.3. Off-setting of financial assets

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

4.4.4. Derivative financial instruments

The Company uses cross currency interest rate swaps to hedge its risks associated with interest rate fluctuations on its long term loans. Such derivative financial instruments are stated at fair value. The fair value of cross currency interest rate swap is the estimated amount that the Company would receive or pay to sell the swap at the balance sheet date and taking into account the current interest rates.

In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the profit and loss account. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the profit and loss account.

In relation to cash flow hedges, which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the profit and loss account. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

4.5. Stores, spares and loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated to balance sheet date.

4.6. Stock in trade

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

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

4.7. Trade debts and other receivables

Trade debts are recognized initially at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.8. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of term deposits and cash & bank balances.

4.9. Employee benefits

Defined Contribution Plan

The Company operates defined contribution plan for its employees. Equal monthly contributions at the rate of 11% of the basic salary are made to fund both by the Company and the employees. The assets of the fund are held separately under the control of trustees.

The Company operates defined contribution plan in two ways; either:

- defined contribution provident fund (i.e. recognized provident fund scheme) for its permanent employees, or
- voluntary pension schemes managed by Atlas Asset Management Company Limited, an associated company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

The option rests with the employees to opt for either of the two above mentioned defined contribution plan.

Defined Benefit Plan

Defined benefit plan is a post - employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their services in current and prior periods; that benefit is discounted to determine its present value.

The Company has established funded gratuity scheme for its management and non management staff. Contributions under the schemes are made on the basis of actuarial valuation and are charged to profit and loss account. The valuation of both schemes was carried out on March 31, 2010 using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized transitional liability and as reduced by the fair value of the plan assets.

Cumulative net unrecognized actuarial gain and loss at the end of the previous year which exceeds 10% of the greater of present value of the Company's obligation and fair value of plan assets are amortized over the remaining service of employees expected to receive benefits.

4.10. Employee Compensated Absences

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

4.11. Trade and other payables

Liability for trade and other payables are carried at cost which is the fair value of goods and services.

4.12. Leases

Finance Lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finance lease. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments. Finance costs under lease arrangements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period. There were no finance lease arrangements as at balance sheet date.

Operating leases / Ijarah

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

4.13. Taxation

Current year

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is provided using the balance sheet liability method on all temporary differences arising from differences between tax bases of assets and liabilities and their carrying amount for financial statements reporting purpose. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at 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 in other comprehensive income or directly in equity.

4.14. Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are charged to profit and loss account.

4.15. Revenue recognition

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

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

Dividend income is recognized when the Company's right to receive dividend has been established.

4.16. Borrowing and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to profit and loss account in the period in which they are incurred.

4.17. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

4.18. Warranty

The Company recognises the estimated liability to repair or replace damaged part of products still under warranty at the balance sheet date. The Company offers six months warranty for its products. Management recognizes the estimated warranty provision to repair or replace damaged part of products still under warranty at the balance sheet date (i.e. for future warranty claims) based on historical warranty claim information. The provision is based on the ratio of warranty claims during the year to previous year's sales.

4.19. Dividend

Dividend is recognized as liability in the period in which it is approved by the shareholders and therefore, it is accounted as non - adjusting post balance sheet event.

4.20. Interest / mark-up bearing loans and borrowings

Loans and borrowings are recorded at the proceeds received, net of direct issue costs, if any. Finance charges are accounted on an accrual basis.

4.21. Related party transactions

All transactions with related parties are carried out by the Company on commercial terms and conditions.

4.22. Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated

by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	Notes
• Useful life and residual value of property, plant and equipment and intangible assets	4.1, 4.2, 4.3 & 7
• Depreciation method applied to property, plant and equipment	4.1
• Investments stated at fair value through profit or loss	4.4 & 17
• Derivatives	4.4
• Stock-in-trade and stores, spares and loose tools	4.5, 4.6, 12 & 13
• Provision for doubtful receivables	4.7 & 14
• Retirement benefit obligations	4.9 & 25.3
• Provision for employee compensated leave absences	4.10 & 24.1
• Provision for taxation / Deferred Tax	4.13, 24.2 & 37
• Provisions and Contingencies	4.17, 25 & 29
• Provision for warranty	4.18 & 25.1
• Provision for slow moving inventories	13.1

6. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

The following standards, amendments and interpretations of International Financial Reporting Standards will be effective for accounting periods beginning on or after the dates specified below:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009 (effective for annual periods beginning on or after January 1, 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It is not expected to have a material impact on the Company's financial statements.
- Amendment to IAS 27 'Consolidated and Separate Financial Statements (2008)' (effective for annual periods beginning on or after July 1, 2009), requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction and these transactions will no longer result in goodwill or gains and losses. Furthermore, when the Group loses control of a subsidiary,

any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in the profit or loss. The amendments to IAS 27 will have no impact on the financial statements.

- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company's financial statements.
- IAS 39 (amendment), 'Financial Instruments: Recognition and Measurement' - Eligible Hedged Items which is effective for annual periods beginning on or after July 1, 2009, clarifies the application of existing principles that determine whether specific risks or portion of cash flows are eligible for designation in a hedging relationship.
- IFRS 2 (amendments), 'Group cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is however, not relevant to the Company's financial statements.
- Revised IFRS 3 'Business Combination' which is effective for annual periods beginning on or after July 1, 2009, broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be classified as debt subsequently re-measured through the profit and loss account, transaction costs other than the share and debt issue costs to be expensed, any pre existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit and loss account and any non controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction by transaction basis. However, it has no impact on the Company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' (effective for annual periods beginning on or after January 1, 2010). The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the Company's financial statements.
- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after July 1, 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This interpretation has no impact on the Company's financial statements.
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after July 1, 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Company's financial statements.

In addition to the above, there are number of amendments in other IFRS and various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	3,160,666	3,225,740
Capital work in progress	7.5	64,231	187,161
		3,224,897	3,412,901

7.1 Operating fixed assets

	OWNED													LEASED	TOTAL	
	Freehold Land	Leasehold Land	Building on freehold land	Building on leasehold land	Plant & machinery	Dies & jigs	Factory equipment	Office equipment	Computers & accessories	Furniture & fixtures	Fixture & equipment	Electric & gas fittings	Vehicles	Service equipment	Electric & gas fittings	
As at June 30, 2008																
Cost	5,112	34,132	348,974	85,365	3,903,672	875,382	138,687	15,716	71,670	14,573	1,300	147,656	176,590	389	30,000	5,849,218
Accumulated depreciation	-	(7,067)	(97,759)	(38,941)	(1,339,107)	(675,879)	(74,257)	(13,574)	(56,744)	(9,898)	(1,300)	(93,379)	(66,700)	(387)	(16,000)	(2,490,992)
Net book value	5,112	27,065	251,215	46,424	2,564,565	199,503	64,430	2,142	14,926	4,675	-	54,277	109,890	2	14,000	3,358,226
Year ended March 31, 2009																
Additions	-	-	1,615	8,972	44,421	108,844	5,151	670	5,467	440	-	2,869	9,084	-	-	187,533
Reclassifications																
- Cost	-	-	-	-	-	-	-	-	-	-	-	30,000	-	-	(30,000)	-
- Depreciation	-	-	-	-	-	-	-	-	-	-	-	(16,000)	-	-	16,000	-
Disposals:																
- Cost	-	-	-	-	(12,827)	(49,167)	(26)	-	(1,041)	-	-	-	(15,530)	-	-	(78,591)
- Depreciation	-	-	-	-	11,114	49,167	26	-	1,025	-	-	-	6,135	-	-	67,467
Depreciation charge	5,112	27,065	252,830	55,396	2,607,273	308,347	69,581	2,812	20,377	5,115	-	71,146	109,579	2	-	3,534,635
	-	(380)	(18,912)	(3,834)	(193,888)	(54,323)	(5,075)	(956)	(7,953)	(1,535)	-	(5,267)	(16,770)	(2)	-	(308,895)
Net book value as at March 31, 2009	5,112	26,685	233,918	51,562	2,413,385	254,024	64,506	1,856	12,424	3,580	-	65,879	92,809	-	-	3,225,740
Year ended March 31, 2010																
Additions	-	-	644	317	176,704	154,691	3,266	1,258	27,674	450	-	7,888	42,385	-	-	415,277
Disposals:																
- Cost	-	-	-	(12,185)	(8,117)	(66,178)	-	(669)	-	(326)	-	(136)	(48,612)	-	-	(136,223)
- Depreciation	-	-	-	11,197	5,532	55,413	-	669	-	314	-	136	23,386	-	-	96,647
Depreciation charge	5,112	26,685	234,562	50,891	2,587,504	397,950	67,772	3,114	40,098	4,018	-	73,767	109,968	-	-	3,601,441
	-	(513)	(23,428)	(5,230)	(254,712)	(115,455)	(6,613)	(795)	(7,411)	(1,489)	-	(6,836)	(18,293)	-	-	(440,775)
Net book value as at March 31, 2010	5,112	26,172	211,134	45,661	2,332,792	282,495	61,159	2,319	32,687	2,529	-	66,931	91,675	-	-	3,160,666
As at March 31, 2009																
Cost	5,112	34,132	350,589	94,337	3,935,266	935,059	143,812	16,386	76,096	15,013	1,300	180,525	170,144	389	-	5,958,160
Accumulated depreciation	-	(7,447)	(116,671)	(42,775)	(1,521,881)	(681,035)	(79,306)	(14,530)	(63,672)	(11,433)	(1,300)	(114,646)	(77,335)	(389)	-	(2,732,420)
Net book value	5,112	26,685	233,918	51,562	2,413,385	254,024	64,506	1,856	12,424	3,580	-	65,879	92,809	-	-	3,225,740
As at March 31, 2010																
Cost	5,112	34,132	351,233	82,469	4,103,853	1,023,572	147,078	16,975	103,770	15,137	1,300	188,277	163,917	389	-	6,237,214
Accumulated depreciation	-	(7,960)	(140,099)	(36,808)	(1,771,061)	(741,077)	(85,919)	(14,656)	(71,083)	(12,608)	(1,300)	(121,346)	(72,242)	(389)	-	(3,076,548)
Net book value	5,112	26,172	211,134	45,661	2,332,792	282,495	61,159	2,319	32,687	2,529	-	66,931	91,675	-	-	3,160,666
Depreciation rate (%)	-	1.79	10	10	10	25	10	20	25	20	20	10	20	20	10	

7.2 Building on leasehold land and plant & machinery include Rs. NIL (2009: Rs.388 thousand) and Rs. 12,949 thousand (2009: Rs. 2,838 thousand) respectively borrowing cost capitalised at the weighted average capitalisation rate of 16.43% per annum (2009: 16.43% per annum).

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
7.3 Allocation of depreciation			
Depreciation has been allocated as follows:			
Cost of goods manufactured	31.1	421,656	289,294
Administrative expenses	33	19,119	19,601
		<u>440,775</u>	<u>308,895</u>

7.4 Disposal of fixed assets

Particulars of operating fixed assets having written down value (WDV) exceeding Rs 50,000 each disposed off during the year are as follows:

Assets	Cost	Accumulated Depreciation	WDV	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of buyers
	----- (Rupees in `000) -----						
BUILDING ON LEASEHOLD LAND							
Boundary wall	12,185	11,197	988	-	(988)	Demolished	
	<u>12,185</u>	<u>11,197</u>	<u>988</u>	<u>-</u>	<u>(988)</u>		
PLANT & MACHINERY							
Die casting machine	7,816	5,272	2,544	2,591	47	Negotiation	Precision Metal (Pvt) Limited, F-360, 1, S.I.T.E, Karachi District, Karachi
	<u>7,816</u>	<u>5,272</u>	<u>2,544</u>	<u>2,591</u>	<u>47</u>		
DIES AND JIGS							
L/R lower case switch assembly die	5,467	2,416	3,051	70	(2,981)	Scrap	Mohd. Khalid, R-89, Rizwan Society, University Road. Karachi
L/R upper case switch assembly die	2,695	1,191	1,504	50	(1,454)	Scrap	Mohd. Khalid, R-89, Rizwan Society, University Road. Karachi
Die sleeve & plunger sleeve	1,169	637	532	30	(502)	Scrap	Mohd. Khalid, R-89, Rizwan Society, University Road. Karachi
Mould Lower Case	3,687	1,998	1,689	50	(1,639)	Scrap	Mohd. Khalid, R-89, Rizwan Society, University Road. Karachi
Various	5,330	1,741	3,589	-	(3,589)	Written off	
	<u>18,348</u>	<u>7,983</u>	<u>10,365</u>	<u>200</u>	<u>(10,165)</u>		
VEHICLES							
Honda Accord	2,385	1,235	1,150	1,150	-	Company Policy	Atlas Battery Limited, D-181, Central Avenue S.I.T.E, Karachi (Associated company)
Honda Civic	1,017	675	342	342	-	Company Policy	Iftikhar Ahmed (Executive)
Honda Civic	1,023	565	458	458	-	Company Policy	Naim Khan (Ex-Employee)
Honda Civic	983	675	308	327	19	Company Policy	Sultan Ahmed (Executive)
Honda Civic	1,034	490	544	544	-	Company Policy	Afaq Ahmed (Executive)
Honda Civic	983	652	331	600	269	Negotiation	Mrs. Parveen Shirazi, House No. 165, Lane - 1, Askari Villas-1, Multan
Honda Civic	1,476	570	906	906	-	Company Policy	Atlas Battery Limited, D-181, Central Avenue S.I.T.E, Karachi (Associated company)
Honda City	774	607	167	319	152	Company Policy	Khursheed A. Minhas (Executive)
Honda City	923	428	495	495	-	Company Policy	Khuwaja Shuja ud din (Executive)
Honda City	1,016	448	568	568	-	Company Policy	Shakil Mirza (Executive)
Honda City	951	291	660	660	-	Company Policy	Habib uddin Baqai (Ex-Employee)
Honda City	921	227	694	655	(39)	Company Policy	Arshad Siddiqui (Employee)

Assets	Cost	Accumulated Depreciation	WDV	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of buyers
----- (Rupees in `000) -----							
Honda City	830	375	455	436	(19)	Company Policy	Iqbal Ahmed (Executive)
Honda City	870	481	389	366	(23)	Company Policy	Tauqeer Ahmed Rana (Executive)
Honda City	883	409	474	464	(10)	Company Policy	Jamil Asghar Khan (Executive)
Honda City	872	510	362	382	20	Company Policy	Mohsin Khan (Employee)
Honda City	1,014	452	562	564	2	Company Policy	Col. Sardar Khan (Ex-Employee)
Honda City	1,016	480	536	536	-	Company Policy	Atlas Enginnering Limited, 15th mile, National Highway, Karachi (Associated company)
Honda City	1,016	469	547	547	-	Company Policy	Atlas Enginnering Limited, 15th mile, National Highway, Karachi (Associated company)
Suzuki Cultus	615	422	193	205	12	Company Policy	Zaheer uddin Minhas (Executive)
Daihatsu Cuore	434	306	128	147	19	Company Policy	Sadi Mustafa (Executive)
Daihatsu Cuore	464	318	146	154	8	Company Policy	Wadood A. Butt (Executive)
Suzuki Alto	499	267	232	232	-	Company Policy	Misbah ud din (Executive)
Suzuki Alto	504	270	234	234	-	Company Policy	Muhammad Irfan (Executive)
Suzuki Alto	504	222	282	282	-	Company Policy	Sabih ud din (Ex-Employee)
Suzuki Alto	504	222	282	282	-	Company Policy	Imtiyaz Ahmed Sheikh (Executive)
Suzuki Alto	508	167	341	341	-	Company Policy	Malik Ashraf (Executive)
Suzuki Alto	521	164	357	357	-	Company Policy	Tanveer Hyder (Executive)
Suzuki Alto	499	273	226	226	-	Company Policy	Syed Ashraf Ali (Ex-Employee)
Suzuki Alto	504	261	243	243	-	Company Policy	Munawwar Jameel (Employee)
Suzuki Alto	521	213	308	308	-	Company Policy	Imran Idrees (Employee)
Suzuki Alto	497	348	149	165	16	Company Policy	Rao M. Amin (Employee)
Suzuki Alto	505	275	230	230	-	Company Policy	Khadim A. Raza (Employee)
Suzuki Alto	514	232	282	282	-	Company Policy	Adeel Safdar (Employee)
Suzuki Alto	512	226	286	286	-	Company Policy	Mubashir Hassan Rana (Ex-Employee)
Suzuki Alto	512	228	284	268	(16)	Company Policy	Mujahid ul Mulik Butt (Employee)
Suzuki Alto	512	232	280	280	-	Company Policy	Tasleem Shujja (Executive)
Suzuki Alto	511	302	209	209	-	Company Policy	Majid Shami (Executive)
Suzuki Alto	512	266	246	246	-	Insurance claim	Atlas Insurance Limited, Federation House, Shara-e-Firdiousi, Clifton. Karachi (Associated Company)
Suzuki Alto	519	259	260	260	-	Company Policy	Atlas Battery Limited, D-181, Central Avenue S.I.T.E, Karachi (Associated company)
Suzuki Mehran	395	187	208	208	-	Company Policy	Raheemullah Shah (Executive)
Suzuki Mehran	390	195	195	195	-	Company Policy	Furqan Khan (Employee)
Suzuki Mehran	395	170	225	225	-	Company Policy	Kalb-e-Hussain Rizvi (Employee)
Suzuki Mehran	395	161	234	234	-	Company Policy	Zeeshan Mehdi (Employee)
Suzuki Mehran	408	148	260	260	-	Company Policy	Asif Tanveer (Ex-Employee)
Suzuki Mehran	395	170	225	225	-	Company Policy	Abdul Razzak (Executive)
Suzuki Mehran	395	170	225	225	-	Company Policy	Adeel Sartaj (Employee)
Suzuki Mehran	395	178	217	217	-	Company Policy	Muhammad Asif (Employee)
Suzuki Mehran	395	161	234	234	-	Company Policy	Asif Ali Rizvi (Employee)
Suzuki Mehran	395	190	205	205	-	Company Policy	Khurram Fahim (Employee)
Suzuki Mehran	395	190	205	205	-	Company Policy	Kashif Jilani (Employee)
Suzuki Mehran	395	161	234	234	-	Company Policy	Anwar A.Malik (Employee)
Suzuki Mehran	395	190	205	205	-	Company Policy	Shiraz Iqbal (Employee)
Suzuki Mehran	395	161	234	234	-	Company Policy	Fahad Masood (Employee)
Suzuki Mehran	408	128	280	280	-	Company Policy	Adeel Ijaz Bhatti (Employee)
Suzuki Mehran	408	153	255	255	-	Company Policy	Muhammad Shoab (Ex-Employee)
Suzuki Mehran	408	148	260	260	-	Company Policy	Amir Ali (Employee)
Suzuki Mehran	408	101	307	307	-	Company Policy	Motib Ikhlauque (Employee)
Suzuki Mehran	403	189	214	214	-	Company Policy	Naveed Ahmed (Employee)
Suzuki Mehran	403	148	255	255	-	Company Policy	Abdul Wahid (Employee)
Suzuki Mehran	406	152	254	254	-	Company Policy	M.Ammar (Employee)
Suzuki Mehran	395	167	228	228	-	Company Policy	Irfan Munir (Employee)

Assets	Cost	Accumulated Depreciation	WDV	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of buyers
----- (Rupees in `000) -----							
Suzuki Mehran	398	159	239	239	-	Company Policy	Javed Iqbal (Employee)
Suzuki Mehran	397	184	213	209	(4)	Company Policy	Hassan Mushtaq Cheema (Employee)
Suzuki Mehran	402	186	216	211	(5)	Company Policy	Khalid Mehmood (Employee)
Suzuki Mehran	403	182	221	212	(9)	Company Policy	Ghulam Mujtaba (Employee)
Suzuki Mehran	398	180	218	209	(9)	Company Policy	Ghulam Jilani (Employee)
Suzuki Mehran	399	176	223	211	(12)	Company Policy	Sajid Saleem (Employee)
Suzuki Mehran	406	152	254	254	-	Company Policy	Afrasiyab Khan (Employee)
Suzuki Mehran	403	160	243	243	-	Company Policy	Majid Saleem (Employee)
Suzuki Mehran	403	160	243	243	-	Company Policy	Ahmed Ali (Employee)
Suzuki Mehran	375	281	94	277	183	Negotiation	Shahid Iqbal, A-29, Abid Apartment, Block-2 , Gulshan-e-Iqbal, Karachi
Suzuki Mehran	533	80	453	439	(14)	Negotiation	Mr. Nasir Mohd. Imran Hashmi, 35-Qilla, Gujjar Singh, Lahore
Honda CG 125 Deluxe	84	23	61	15	(46)	Negotiation	Madina Autos, Shah Faisal Colony No. 2, Karachi.
Honda CG 125 Deluxe	83	23	60	30	(30)	Negotiation	Madina Autos, Shah Faisal Colony No. 2, Karachi.
Honda CG 125 Deluxe	86	14	72	51	(21)	Negotiation	Mr. Qamar Zaman, Rehman Street, Jehangirabad, Shiekhupura
Honda CG 125	80	8	72	72	-	Company Policy	Mr. Omer Khalid (Ex-Employee)
Honda CG 125	79	5	74	74	-	Insurance claim	Atlas Insurance Limited, Federation House, Shara- e-Firdiوسي, Clifton. Karachi (Associated Company)
Honda CD 100	61	10	51	51	-	Company Policy	Farhan Khan (Ex-Employee)
Honda CD 70	60	7	53	53	-	Insurance claim	Atlas Insurance Limited, Federation House, Shara- e-Firdiوسي, Clifton. Karachi (Associated Company)
Honda CD 70	60	4	56	56	-	Company Policy	Farhan Khan (Ex-Employee)
Honda CD 70	60	8	52	52	-	Company Policy	Muiz Arif (Ex-Employee)
Honda CD 70	60	8	52	52	-	Insurance claim	Atlas Insurance Limited, Federation House, Shara- e-Firdiوسي, Clifton. Karachi (Associated Company)
	44,665	21,140	23,525	23,968	443		

Aggregate values of items where WDV is less than Rs. 50,000

- Various	5,379	3,625	1,754	1,998	244	Tender / Co. Policy	Various
- Assets written off	47,830	47,430	400	-	(400)		
2010	136,223	96,647	39,576	28,757	(10,819)		
2009	78,591	67,467	11,124	12,934	1,810		

7.5 Capital work in progress

Plant and Machinery / dies & jigs
Building
Computers and accessories
Advance for vehicles

Note	March 31, 2010	March 31, 2009
----- (Rupees in `000) -----		
7.6	55,169	186,614
	3,820	-
	5,242	-
	-	547
	<u>64,231</u>	<u>187,161</u>

7.6 Includes Rs. NIL (2009:12,949 thousand) borrowing cost capitalised at the weighted average capitalisation rate of NIL (2009:16.43%)

	Software licenses	SAP implement- ation and support cost (Rupees in '000)	Total
	-----	-----	-----
8. INTANGIBLE ASSETS			
As at June 30, 2008			
Cost	27,719	35,791	63,510
Accumulated amortisation	20,989	27,708	48,697
Net book value	6,730	8,083	14,813
Period ended March 31, 2009			
Additions	10,269	-	10,269
Amortisation	5,503	2,978	8,481
Net book value as at March 31, 2009	11,496	5,105	16,601
Year ended March 31, 2010			
Additions	-	2,250	2,250
Amortisation	6,790	4,008	10,798
Net book value as at March 31, 2010	4,706	3,347	8,053
As at March 31, 2009			
Cost	37,988	35,791	73,779
Accumulated amortisation	26,492	30,686	57,178
Net book value	11,496	5,105	16,601
As at March 31, 2010			
Cost	37,988	38,041	76,029
Accumulated amortisation	33,282	34,694	67,976
Net book value	4,706	3,347	8,053
		March 31, 2010	March 31, 2009
		-----	-----
		(Rupees in `000)	

9. INVESTMENTS - AVAILABLE FOR SALE
Unquoted
Arabian Sea Country Club Limited

200,000 (2009: 200,000) ordinary shares of Rs. 10 each

Less: Impairment in the value of investment

2,000	2,000
2,000	2,000

- - - - -

Automotive Testing & Training Centre (Private) Limited

50,000 (2009: 50,000) ordinary shares of Rs. 10 each

Less: Impairment in the value of investment

500	500
500	500

- - - - -

- - - - -

- - - - -

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
10. LONG TERM LOANS AND ADVANCES			
Considered Good			
Due from:			
Executives	10.1	3,800	5,640
Non executives		36,635	26,496
		40,435	32,136
Less: Installments recoverable within twelve months			
Executives		3,263	5,011
Non executives		18,362	12,766
		21,625	17,777
		18,810	14,359
10.1 Reconciliation of loans and advances to executives			
Balance at beginning of the year		5,640	6,714
Add: Disbursement / addition		4,986	5,589
		10,626	12,303
Less: Recovered during the year		6,826	6,663
		3,800	5,640
10.2			
This represents interest free loans and advances provided to executives and employees. Loans are provided for purchase of motorcycles and are under the terms of the employment. Advances are unsecured and are repayable in eighteen equal monthly installments. Whereas, motorcycle loans are repayable in forty eight equal monthly installments and amounts to Rs. 27,609 thousand (2009: Rs. 22,002 thousand) which are secured against motorcycles / staff retirement benefits.			
10.3			
Maximum amount due from executives at the end of any month in respect of long and short term loans and advances was Rs. 5,249 thousand (2009: Rs.7,139 thousand) and due from associated companies at the end of any month was NIL (2009: NIL).			

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
11. LONG TERM DEPOSITS			
Considered Good			
Deposits		11,336	8,964
12. STORES, SPARES & LOOSE TOOLS			
Consumables stores		49,332	68,561
Maintenance spares		133,056	155,435
Loose tools		193,502	217,532
		375,890	441,528
Less: Provision for slow moving	13.1	(53,298)	(13,340)
		322,592	428,188

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
13. STOCK-IN-TRADE			
Raw materials & components			
In hand		1,104,781	1,372,717
With third parties		106,093	88,425
		<u>1,210,874</u>	<u>1,461,142</u>
Work in Process		24,397	2,063
Finished Goods			
Motorcycles		17,124	17,475
Spare parts		130,796	103,266
		<u>147,920</u>	<u>120,741</u>
Goods in transit		288,597	232,019
		<u>1,671,788</u>	<u>1,815,965</u>
Less: Provision for slow moving stocks	13.1	(7,491)	(23,929)
		<u>1,664,297</u>	<u>1,792,036</u>

	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- (Rupees in '000) -----			
	Stores, spares & loose tools		Stock in trade	

13.1 Provision for slow moving				
Balance at beginning	13,340	12,032	23,929	23,340
Add: Provision for the year	47,991	3,869	820	5,590
Less: Reversal during the year	(8,033)	(2,561)	(17,258)	(5,001)
	<u>53,298</u>	<u>13,340</u>	<u>7,491</u>	<u>23,929</u>

13.2 Stock-in-trade and trade debts upto a maximum amount of Rs. 4,058 million (2009: Rs. 3,287 million) are under hypothecation as security for the Company's short term finances (Note 27).

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
14. TRADE DEBTS			
Considered Good			
Export - Secured		15,018	45,190
Local - Unsecured		430,671	274,990
		<u>445,689</u>	<u>320,180</u>

14.1 The bank has a lien on export bills / contracts upto a maximum of Rs. 500 million (2009: Rs. 400 million) against foreign currency financing (Note 27).

14.2 Amount due from related parties, Directors, Chief Executive and executives were NIL (2009:NIL).

15. LOANS AND ADVANCES

Considered good			
Loan and advances to employees other than executives		472	417
Advances to employees for expenses - unsecured	15.1	180	282
Advances to suppliers, contractors and others - unsecured		18,208	19,170
Current portion of loans and advances	10	21,625	17,777
		<u>40,485</u>	<u>37,646</u>

15.1 Advances to employees for expenses include amount due from executives was NIL (2009: NIL).

15.2 Amount due from related parties, Directors and Chief Executive were NIL (2009:NIL).

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
16. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		5,700	30,488
Prepayments		33,379	34,149
		<u>39,079</u>	<u>64,637</u>
17. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS			
		<u>No. of Units</u>	
		<u>2010</u>	<u>2009</u>
		801,897	789,529
		96,974	-
		100,000	-
		<u>21,883,899</u>	<u>5,388,559</u>
		1,467,930	1,530
		498,802	-
		507,231	-
		5,000,000	-
		5,000,000	-
		<u>35,356,733</u>	<u>6,179,618</u>
		Related parties	
		Atlas Income Fund	412,784
		Atlas Islamic Income Fund	49,598
		Atlas Money Market Fund	51,217
		Others	
		ABL Income Fund	218,970
		First Habib Income Fund	150,257
		IGI Income Fund	51,511
		Lakson Money Market Fund	52,080
		NIT Government Bond Fund	52,025
		NIT Income Fund	50,554
		<u>1,088,996</u>	<u>455,816</u>
18. ACCRUED MARKUP / INTEREST			
Interest accrued on savings deposit accounts		<u>4,513</u>	<u>520</u>
19. OTHER RECEIVABLES			
Fair value of interest rate swaps		65	1,094
Others - Considered good	19.1	11,501	38,715
		<u>11,566</u>	<u>39,809</u>
Others - Considered doubtful		615	615
		<u>12,181</u>	<u>40,424</u>
Provision for doubtful receivable		615	615
		<u>11,566</u>	<u>39,809</u>
19.1			
Other receivables include Rs. 8,857 thousand (2009: Rs. 13,832 thousand) duty draw back receivable from Collector of Customs.			
20. CASH AND BANK BALANCES			
In current account		516,129	285,414
In savings deposit accounts		712,810	23,728
Term deposit receipts		400,000	300,000
Cheques in hand		13,024	27,284
		<u>1,641,963</u>	<u>636,426</u>
20.1			
Cash and bank balances includes Rs 324 thousand (2009: Rs 2.11 million) held with Atlas Bank Limited (an associated company)			
20.2			
The balances in saving accounts carries mark up which ranges from 5.0% to 10.0% per annum (2009: 5.0% to 8.0% per annum)			
20.3			
Term deposit receipts carries mark up which ranges from 10.0% to 12.65% per annum (2009: 10.0% to 11.20% per annum)			

			March 31, 2010	March 31, 2009
			----- (Rupees in `000) -----	
21. SHARE CAPITAL				
	March 31, 2010 (No. of Shares)	March 31, 2009		
	<u>100,000,000</u>	<u>100,000,000</u>	Authorised Capital	
			<u>1,000,000</u>	<u>1,000,000</u>
			Issued, subscribed and paid up capital	
	6,352,748	6,352,748	63,528	63,528
	47,781,175	40,686,407	477,811	406,864
	259,300	259,300	2,593	2,593
	<u>54,393,223</u>	<u>47,298,455</u>	<u>543,932</u>	<u>472,985</u>
21.1 Movement in share capital during the year				
	47,298,455	47,298,455	472,985	472,985
	7,094,768	-	70,947	-
	<u>54,393,223</u>	<u>47,298,455</u>	<u>543,932</u>	<u>472,985</u>
21.2	The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to Company's residual assets.			
21.3	Ordinary shares of Rs. 10/- each were held by associated companies as at March 31, 2010 are as follows:			
			March 31, 2010	March 31, 2009
			(No. of Shares)	
	Atlas Insurance Limited		1,542,128	1,340,981
	Honda Motor Company Limited		19,037,629	16,554,460
	Shirazi Investments (Private) Limited		13,290,171	11,556,671
	Shirazi Capital (Private) Limited		13,339,540	11,599,600
			<u>47,209,468</u>	<u>41,051,712</u>
22. RESERVES				
	Capital Reserves			
	Share premium		39,953	39,953
	Gain on sale of land		165	165
			40,118	40,118
	General Reserve		2,582,000	2,582,000
			<u>2,622,118</u>	<u>2,622,118</u>

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009 ----- (Rupees in `000) -----
23. LONG TERM LIABILITIES			
Long term financing -Secured	23.1	<u>512,500</u>	<u>375,000</u>

23.1 Long term financing-secured

Name of Banks	Sale price	Purchase price	No. of installments and date of commencement	Rate of markup	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009 ----- (Rupees in `000) -----
Bank Al Habib Limited	500,000	830,116	10 Half yearly 07-12-09	1.0% over 3 months KIBOR	500,000	-
Bank of Tokyo-Mitsubishi UFJ Ltd (Loan I)	250,000	353,767	10 Half yearly 05-04-06	0.5% over 6 months KIBOR	25,000	75,000
Bank of Tokyo-Mitsubishi UFJ Ltd (Loan II)	500,000	744,973	10 Half yearly 05-01-07	0.5% over 6 months KIBOR	150,000	250,000
Habib Bank Limited	250,000	273,153	10 Half yearly 08-10-04	1.25% over 6 months T-bill	-	25,000
MCB Bank Limited	250,000	360,896	10 Half yearly 27-09-05	0.5% over 6 months KIBOR	-	64,980
National Bank of Pakistan (Loan I)	250,000	387,123	10 Half yearly 30-09-05	0.5% over 6 months KIBOR	25,000	75,000
National Bank of Pakistan (Loan II)	250,000	368,151	10 Half yearly 30-09-06	0.5% over 6 months KIBOR	100,000	150,000
National Bank of Pakistan (Loan III)	250,000	368,151	10 Half yearly 02-01-07	0.5% over 6 months KIBOR	75,000	125,000
					<u>875,000</u>	<u>764,980</u>
Less: Current maturity shown under current liabilities - (Note 28)					<u>362,500</u>	<u>389,980</u>
					<u>512,500</u>	<u>375,000</u>

These loans are denominated in Pak Rupees. These loans are secured against first equitable mortgage charge ranking pari passu on immovable properties of the Company, first pari passu charge by way of hypothecation of fixed assets of the Company and demand promissory note. As at March 31, 2010, 6 months KIBOR was 12.41% (2009: 12.85%), 3 months KIBOR was 12.34% (2009: 12.77%) and 6 months T-bills was 12.34% (2009: 11.76%).

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
24. DEFERRED LIABILITIES			
Compensated leave absences	24.1	97,809	64,849
Deferred taxation	24.2	502,206	511,013
		<u>600,015</u>	<u>575,862</u>
24.1 Compensated leave absences			
Balance at beginning		64,849	49,810
Add: Provision for the year / period		39,396	20,127
		<u>104,245</u>	<u>69,937</u>
Less : Payments during the year / period		6,436	5,088
		<u>97,809</u>	<u>64,849</u>
24.2 Deferred taxation			
The liability for deferred taxation comprises of timing differences relating to:			
Deferred credit arising in respect of accelerated tax depreciation and amortisation		567,879	589,358
Deferred debit arising in respect of various provisions		(65,673)	(78,345)
		<u>502,206</u>	<u>511,013</u>
24.3 Movement of deferred tax liability			
Balance at beginning		511,013	521,194
Increase in deferred tax liabilities		21,479	22,764
Increase in deferred tax assets		(12,672)	(32,945)
Reversal for the year / period		(8,807)	(10,181)
		<u>502,206</u>	<u>511,013</u>

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
25. TRADE AND OTHER PAYABLES			
Trade creditors		1,129,958	965,471
Accrued liabilities		920,588	703,119
Provision for warranty	25.1	15,525	6,350
Customers advances & credit balances		869,420	903,580
Retention money		456	371
Special Excise Duty payable - net		4,878	1,974
Workers' Profit Participation Fund	25.2	57,853	18,248
Provision for gratuity	25.3	19,183	10,092
Workers' Welfare Fund	25.5	25,581	10,904
Unclaimed dividend	25.6	13,319	13,254
Other liabilities	25.7	11,719	12,858
		<u>3,068,480</u>	<u>2,646,221</u>

Accrued liabilities include Rs. 422,490 thousand (2009: Rs. 503,080 thousand) due to Honda Motor Co. Limited, Japan - an associated company and due to Atlas Engineering Limited - an associated company amounting to Rs.NIL (2009:15 thousand).

	Note	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
25.1 Provision for warranty			
Balance at beginning		6,350	11,400
Add: Provided during the year / period		16,594	3,650
		<u>22,944</u>	<u>15,050</u>
Less: Reversed / paid during the year / period		7,419	8,700
		<u>15,525</u>	<u>6,350</u>
25.2 Workers' Profit Participation Fund			
Balance at beginning		18,248	53,287
Less : Payment made during the year / period		18,248	53,287
		<u>-</u>	<u>-</u>
Contributions for the year / period	35	57,853	18,248
		<u>57,853</u>	<u>18,248</u>
25.3 Provision for gratuity			
Balance at beginning		10,092	9,344
Add: Provision for the year / period	25.4	19,183	10,092
		<u>29,275</u>	<u>19,436</u>
Less: Payments during the year / period		10,092	9,344
		<u>19,183</u>	<u>10,092</u>

25.4 The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit retirement plan is as follows:

	Management		Non-Management		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Funded		Funded			
	----- (Rupees in `000) -----					
Present value of defined benefit obligation (actuarial liability)	163,286	130,642	26,963	22,588	190,249	153,230
Fair value of plan assets	(89,804)	(75,323)	(39,276)	(27,223)	(129,080)	(102,546)
Payable/(receivable) to associated companies in respect of transferees	(4,719)	(3,387)	4,511	4,511	(208)	1,124
Unrecognized actuarial gain / (loss)	(50,391)	(42,278)	8,613	562	(41,778)	(41,716)
Balance at end	<u>18,372</u>	<u>9,654</u>	<u>811</u>	<u>438</u>	<u>19,183</u>	<u>10,092</u>
Net Liability at the beginning of the year	9,654	8,606	438	738	10,092	9,344
Charge for the year / period	18,372	9,654	811	438	19,183	10,092
Contributions	(9,654)	(8,606)	(438)	(738)	(10,092)	(9,344)
Net Liability at the end of the year / period	<u>18,372</u>	<u>9,654</u>	<u>811</u>	<u>438</u>	<u>19,183</u>	<u>10,092</u>

Movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation	130,641	109,157	22,588	21,189	153,229	130,346
Current service cost	6,855	6,083	828	586	7,683	6,669
Interest cost	18,600	9,705	3,370	1,885	21,970	11,590
Benefit paid	(6,600)	(5,948)	(174)	(1,010)	(6,774)	(6,958)
Actuarial (gain) / loss	12,375	11,737	351	(62)	12,726	11,675
Receivable/ (payable) to associated companies in respect of transferees	(590)	(93)	-	-	(590)	(93)
Vested prior service cost	2,005	-	-	-	2,005	-
Present value of defined benefit obligation	<u>163,286</u>	<u>130,641</u>	<u>26,963</u>	<u>22,588</u>	<u>190,249</u>	<u>153,229</u>

Movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	75,324	73,992	27,223	27,796	102,547	101,788
Expected return on plan assets	11,525	6,966	3,387	2,032	14,912	8,998
Contributions	9,653	8,606	438	738	10,091	9,344
Benefits paid	(6,600)	(5,948)	(174)	(1,010)	(6,774)	(6,958)
Actuarial gain / (loss)	1,826	(7,160)	8,402	(1,972)	10,228	(9,132)
Receivable/(payable) to associated companies in respect of transferees	(1,924)	(1,132)	-	(361)	(1,924)	(1,493)
Fair value of plan assets at end of the year	<u>89,804</u>	<u>75,324</u>	<u>39,276</u>	<u>27,223</u>	<u>129,080</u>	<u>102,547</u>

Plan assets comprises:

Debt	23,697	41,333	12,690	10,646	36,387	51,979
Mutual funds units	68,748	31,739	25,855	15,700	94,603	47,439
Others	(2,641)	2,252	731	877	(1,910)	3,129
	<u>89,804</u>	<u>75,324</u>	<u>39,276</u>	<u>27,223</u>	<u>129,080</u>	<u>102,547</u>

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:

	March 31, 2010	March 31, 2009	June 30, 2008	June 30, 2007	June 30, 2006
	----- (Rupees in `000) -----				
Present value of defined benefit obligation	(190,249)	(153,230)	(130,346)	(119,983)	(103,262)
Fair value of plan assets	129,080	102,546	101,788	97,088	87,658
Surplus / (deficit)	<u>(61,169)</u>	<u>(50,684)</u>	<u>(28,558)</u>	<u>(22,895)</u>	<u>(15,604)</u>
Experience adjustment on obligation (gain)/loss	<u>(12,183)</u>	<u>(11,675)</u>	<u>2,258</u>	<u>9,848</u>	<u>(3,004)</u>
Experience adjustment on plan assets (gain)/loss	<u>7,013</u>	<u>(8,284)</u>	<u>(1,797)</u>	<u>(35)</u>	<u>1,012</u>

Charge for the year / period:

	Management		Non-Management		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Funded		Funded			
	----- (Rupees in `000) -----					
Current service cost	6,855	6,083	828	586	7,683	6,669
Interest cost	18,600	9,705	3,370	1,885	21,970	11,590
Expected return on assets	(11,525)	(6,966)	(3,387)	(2,032)	(14,912)	(8,998)
Amortisation of (gain) / loss	2,434	831	-	-	2,434	831
Vested prior service cost	2,008	-	-	-	2,008	-
	<u>18,372</u>	<u>9,653</u>	<u>811</u>	<u>439</u>	<u>19,183</u>	<u>10,092</u>

Principal actuarial assumptions at the balance sheet date for:

Discount rate	13%	15%	13%	15%
Future salary increases	12%	14%	12%	14%
Return on investment	13%	15%	13%	15%

25.5 Workers' Welfare Fund

	Note	March 31, 2010	March 31, 2009
		----- (Rupees in `000) -----	
Balance at beginning		10,904	36,699
Less: Paid during the year / period		7,307	19,729
		<u>3,597</u>	<u>16,970</u>
Add: Charge for the current year / period (Adjustment) / prior year		21,984	6,934
		<u>-</u>	<u>(13,000)</u>
	35	21,984	(6,066)
		<u>25,581</u>	<u>10,904</u>

	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
25.6 Unclaimed dividend		
Dividends	13,309	13,244
Bonus fractions	10	10
	<u>13,319</u>	<u>13,254</u>

The Board of Directors have proposed a final dividend for the year ended March 31, 2010 of Rs. 5.0 (2009: Rs. 3.0) per share and bonus shares issue at 15.0%, i.e. three bonus shares for every twenty shares held (2009:15%, i.e. three bonus shares for every twenty shares held), amounting to Rs. 81.590 million (2009: 70.948 million) at their meeting held on May 07, 2010 for approval of the members at the Annual General Meeting to be held on June 23, 2010. These financial statements do not reflect this dividend payable as explained above.

25.7 Other liabilities include vehicle deposits under company vehicle policy amounting to Rs. 5,207 thousand (2009: 5,712 thousand).

	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
26. ACCRUED MARK-UP/INTEREST		
Long term financing	37,367	39,833
Short term borrowing	17	32,495
	<u>37,384</u>	<u>72,328</u>
27. SHORT TERM FINANCES		
Balances with banks	<u>-</u>	<u>-</u>

The Company has facilities for short-term running finance under mark-up arrangements amounting to Rs. 2,865 million (2009: Rs.2,305 million). The facilities carry mark-up at the rate of Re. 0.3515 to Re. 0.3721 (2009: Re. 0.3326 to Re. 0.4932) per thousand per day on daily product basis. These facilities are secured against joint hypothecation/ranking charge on stocks-in-trade and trade debts amounting to Rs. 4,058 million (2009: Rs. 3,287 million). These facilities are expiring on various dates by January 31, 2011 . The markup on running finance facilities is payable on quarterly basis. However, as at March 31, 2010 and as at March 31, 2009 no facilities were availed by the company.

The facility for opening letters of credit and guarantees as at March 31, 2010 amounted to Rs. 3,480 million (2009: Rs. 3,060 million) of which the amount remaining unutilized at the year end was Rs. 3,372 million (2009: Rs. 2,598 million)

The Company also has facility for foreign currency finance and export re-finance amounting to Rs. 500 million (2009: Rs. 400 million) which are secured against lien on export bills / contracts.

	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
28. CURRENT PORTION OF LONG TERM LIABILITIES		
Current portion of long term loans	23.1 <u>362,500</u>	<u>389,980</u>

29. CONTINGENCIES & COMMITMENTS

29.1 Contingencies

29.1.1 Cases have been filed against the Company by some former employees for reinstatement of service. These cases are pending in different courts. The management is confident that the outcome of these cases will be in the Company's favor.

29.1.2 The Company has filed appeal against an order passed by Additional Collector, Large Taxpayer Unit, Karachi challenging the levy of sales tax amounting to Rs. 17,782 thousand along with additional tax and penalty on alleged violation of Rule 59 of the Sales Tax Rules, 2005. The hearing of the case has been concluded and order reserved by Collector Appeals. In the opinion of the Sales Tax consultant favourable outcome is expected. Simultaneously, the Company has also availed the amnesty scheme announced vide SRO 511 (I)/2008 dated June 5, 2008 and deposited the said amount under protest. To settle the dispute out of court, the Federal Board of Revenue has also constituted an Alternative Dispute Resolution Committee (ADRC) under section 47A of the Sales Tax Act, 1990. The ADRC is expected to commence its proceedings in due course of time.

29.1.3 The tax authorities have initiated proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2008 and have passed an amended assessment order in which certain disallowances and additions of expenses were made. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the amended assessment order which is pending adjudication.

March 31, March 31,
2010 2009
----- (Rupees in `000) -----

29.2 Guarantees

	108,087	61,577
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- Guarantees are issued to Collector of Customs and Government institutions and shall be released on delivery of motorcycles. These are issued under normal operations.

29.3 Commitments

- Confirmed letters of credit relating to raw materials and parts	1,072,210	368,338
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- Capital expenditure	50,241	33,477
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- Commitment of operating lease rentals with associated company in respect of electric and gas fittings is as follows:

Due in one year	-	3,049
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- The company has entered into Ijarah arrangements with Meezan Bank Limited and BankIslami for Electric, Gas fittings and Machinery and with UBL Ameen for vehicles. Commitment of Ijarah rentals under these agreements are as follows:

Due in one year	72,645	20,704
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Due in two to five years	89,901	51,777
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	Note	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
----- (Rupees in '000) -----				
30. SALES				
Motorcycles & spare parts		29,878,781	16,081,454	22,634,412
Less: Trade discount & commission	30.1	47,845	19,760	27,445
Sales Tax & Special Excise Duty		4,276,164	2,313,874	3,166,392
		<u>25,554,772</u>	<u>13,747,820</u>	<u>19,440,575</u>
30.1	Commission to associated company on export sales amounting to Rs. 8,443 thousand (2009: Rs. 6,069 thousand) is included in trade discount and commission.			
31. COST OF SALES				
Stock at beginning		120,741	115,483	119,456
Cost of goods manufactured	31.1	22,628,687	12,272,782	17,515,503
Purchases	31.4	954,334	514,641	579,030
		<u>23,583,021</u>	<u>12,787,423</u>	<u>18,094,533</u>
Stocks at end	13	23,703,762 (147,920)	12,902,906 (120,741)	18,213,989 (120,741)
		<u>23,555,842</u>	<u>12,782,165</u>	<u>18,093,248</u>
31.1 Cost of goods manufactured				
Work in process at beginning		2,063	8,305	23,833
Raw materials & components consumed	31.2	19,025,794	10,138,007	14,540,723
Direct labour	31.3	346,280	229,795	325,962
Technical director's remuneration	45.1	1,183	1,118	1,490
Salaries, wages & benefits	31.3	577,221	229,363	297,111
Stores consumed		323,157	198,985	309,561
Light, heat & water		243,768	133,139	177,367
Insurance		61,324	43,001	57,229
Rent, rates & taxes		22,083	14,746	19,173
Operating lease rentals		3,168	9,335	15,951
Ijarah rentals		44,821	13,744	13,744
Repair & maintenance		143,121	107,604	128,950
Royalty		1,267,926	759,426	1,076,190
Technical assistance		8,939	12,134	12,534
Traveling, conveyance and entertainment		22,248	11,850	17,897
Postage & telephone		4,898	3,009	4,203
Printing & stationery		4,556	2,779	4,064
Vehicle running		12,214	10,155	13,244
Depreciation	7.3	421,656	289,294	396,916
Canteen		50,376	26,744	31,023
Newspapers, magazines & subscription		5,404	1,180	1,253
Staff training		1,865	86	119
Intangible assets amortisation		10,798	8,481	10,427
Provision for slow moving		23,520	9,459	19,805
Marking fee		24,173	13,037	18,534
Other manufacturing expenses		528	69	263
		<u>22,653,084</u>	<u>12,274,845</u>	<u>17,517,566</u>
Work in process at end	13	(24,397)	(2,063)	(2,063)
		<u>22,628,687</u>	<u>12,272,782</u>	<u>17,515,503</u>

	Note	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
----- (Rupees in '000) -----				
31.2 Raw materials & components consumed				
Stock at beginning		1,461,142	1,587,069	1,407,465
Purchases	31.4	18,775,526	10,012,080	14,594,400
		20,236,668	11,599,149	16,001,865
Stock at end	13	(1,210,874)	(1,461,142)	(1,461,142)
		19,025,794	10,138,007	14,540,723
31.3 Direct labour and salaries & benefits includes Rs. 24,095 thousand (2009: Rs.11,078 thousand) in respect of retirement benefit contribution.				
31.4 Purchases include government rebates netted-off aggregating Rs. 16,256 thousand (2009: Rs.17,673 thousand).				
32. DISTRIBUTION COST				
Directors' remuneration	45.1	27,518	14,502	19,927
Salaries & benefits	32.1	134,427	67,875	87,522
Traveling, conveyance, entertainment & vehicle running		51,035	31,365	42,665
Rent, rates & taxes		22,091	10,003	12,639
Advertisement and sales promotion		220,320	60,955	79,100
Repairs & maintenance		3,099	2,102	3,067
Gas & electricity		2,892	1,579	2,145
Freight & forwarding		173,362	43,734	55,211
Printing & stationery		2,003	1,318	2,301
Postage & telephone		7,612	5,739	7,495
Service charges		38,511	27,390	34,328
Insurance		5,105	3,930	4,823
Newspapers, magazines & subscription		1,199	793	878
Others		1,620	61	151
		690,794	271,346	352,252
32.1 Salaries and benefits include Rs. 6,522 thousand (2009: Rs. 4,159 thousand) in respect of retirement benefit contribution.				
33. ADMINISTRATIVE EXPENSES				
Directors' remuneration	45.1	6,858	3,680	5,495
Directors' meeting fee	45.2	100	80	110
Salaries & benefits	33.1	189,424	103,289	133,853
Traveling, conveyance & entertainment		6,988	4,124	6,470
Rent, rates & taxes		6,043	3,696	4,805
Insurance		3,215	3,244	3,890
Repairs & maintenance		7,234	3,674	5,553
Legal & professional fees		3,395	1,844	3,623
Gas & electricity		1,402	1,018	1,337
Fees & subscription		2,906	1,344	1,801
Postage & telephone		1,457	1,898	2,472
Printing & stationery		5,122	1,612	2,401
Vehicle running		6,075	5,679	7,608
Training expense		772	580	1,017
Depreciation	7.3	19,119	19,601	27,435
Donation	33.2	3,590	10,042	12,097
Others		1,039	243	243
		264,739	165,648	220,210

- 33.1 Salaries and benefits include Rs. 14,626 thousand (2009: Rs. 4,662 thousand) in respect of retirement benefit contribution.
- 33.2 Donations include Rs.3,530 thousand (2009: 10,042 thousand) paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi. Mr. Yusuf H. Shirazi, Chairman and Mr. Saquib H. Shirazi, Chief Executive Officer are on the Board of the Foundation.

Note	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
	----- (Rupees in '000) -----		
34. OTHER OPERATING INCOME			
Income from financial assets:			
Interest on deposits:			
Associated company	46	12,130	15,177
Others	91,040	2,331	5,453
	<u>91,086</u>	<u>14,461</u>	<u>20,630</u>
Gain on sale of investments	8,587	3,710	32,324
Net change in fair value of investments at fair value through profit or loss	72,425	20,740	32,719
Exchange gain	2,931	6,929	10,273
Income from non financial assets:			
Other income	1,319	1,047	1,126
Reversal of provision for slow moving stocks	-	7,562	19,798
Reversal of FED payable	-	2,925	2,925
Scrap sales	62,699	30,560	44,645
(Loss) / gain on sale of fixed assets	(5,842)	1,810	8,663
	<u>233,205</u>	<u>89,744</u>	<u>173,103</u>
35. OTHER OPERATING EXPENSES			
Auditors' remuneration	1,944	1,667	2,075
Workers' Profit Participation Fund	57,853	18,248	28,348
Workers' Welfare Fund	21,984	(6,066)	(2,251)
Fixed assets written off	4,977	-	5,900
	<u>86,758</u>	<u>13,849</u>	<u>34,072</u>
35.1 Auditors' remuneration			
Audit fee	1,000	750	750
Half Yearly review of financial statements	212	212	212
Review of Code of Corporate Governance	91	91	91
Audits of gratuity funds, provident funds and WPPF	202	188	267
Certification of royalty, technical fee and dividend	360	347	646
Out of pocket expenses	79	79	109
	<u>1,944</u>	<u>1,667</u>	<u>2,075</u>
36. FINANCE COST			
Interest / mark-up / return on:			
Short term loans	1,121	82,017	84,275
Long term loans	96,849	98,497	125,465
Ineffective portion of cash flow hedge	-	61,486	137,716
Finance charge on finance lease	-	469	713
Other financial charges	14,643	9,308	12,898
	<u>112,613</u>	<u>251,777</u>	<u>361,067</u>

	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
	----- (Rupees in '000) -----		
37. TAXATION			
Current year	373,580	104,411	141,837
Prior years'	-	34,016	34,016
Deferred	(8,807)	(10,181)	12,216
	364,773	128,246	188,069
38. EARNINGS PER SHARE			
Basic and diluted earnings per share			
Earnings for purposes of basic earnings per share (net profit for the year)	712,458	224,533	364,760
	----- (No. of shares) -----		
Weighted average number of outstanding ordinary shares for the purposes of basic earnings per share	54,393,223	54,393,223	54,393,223
		(Restated)	(Restated)
Basic and diluted earnings per share - Rupees	13.10	4.13	6.71
	----- (Rupees in '000) -----		
39. CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation	1,077,231	352,779	552,829
Adjustment for:			
Depreciation	440,775	308,895	424,351
Unrealised (gain) on remeasurement of investment	(72,425)	(20,740)	(32,719)
Gain on sale of investment	(8,587)	(3,710)	(32,324)
Interest income	(91,086)	(14,461)	(20,630)
Interest expense	97,970	180,514	209,740
Amortisation	10,798	8,481	10,427
Finance cost on finance leased assets	-	469	713
Provision for employee compensated absences	39,396	20,127	26,180
(Gain) / loss on sale of fixed assets	5,842	(1,810)	(8,663)
Fixed assets written off	4,977	-	5,900
Reversal of FED payable	-	(2,925)	(2,925)
Provision for slow moving - net	23,520	1,897	7
Operating profit before working capital changes	1,528,411	829,516	1,132,886
Working capital changes:			
(Increase)/decrease in current assets			
Stores, spares & loose tools	105,596	(10,624)	(18,039)
Stock-in-trade	104,219	68,136	26,115
Trade debts	(125,509)	87,174	106,562
Loans and advances	(2,839)	1,708	(350)
Trade deposits and prepayments	25,558	158,592	(21,004)
Other receivables	28,243	(19,521)	(102,330)
Sales tax	102,781	88,288	86,917
	238,049	373,753	77,871
Increase / (decrease) in current liabilities			
Trade and other payables	422,194	(600,096)	(944,158)
	2,188,654	603,173	266,599

	Year ended March 31, 2010 (Audited)	Nine months ended March 31, 2009 (Audited)	Year ended March 31, 2009 (Unaudited)
	----- (Rupees in `000) -----		
39. CASH FLOWS FROM OPERATING ACTIVITIES (Continued...)			
Interest paid	(132,914)	(158,015)	(166,085)
Income taxes paid (including tax deducted at source)	(274,218)	(243,706)	(301,453)
Compensated leave absences paid	(6,436)	(5,088)	(5,919)
Long term loans and advances	(4,451)	(316)	(4,017)
Long term deposits and prepayments	(2,372)	4,539	(598)
Cash flows from operating activities	<u>1,768,263</u>	<u>200,587</u>	<u>(211,473)</u>

	March 31, 2010	March 31, 2009
	----- (Rupees in `000) -----	
40. RECONCILIATION OF TAX EXPENSE		
The charge for the year can be reconciled to the profit as per the profit and loss account as follows:		
Profit before tax	<u>1,077,231</u>	<u>352,779</u>
Tax at the applicable income tax rate	377,031	123,472
Tax effect of expenses that are not deductible in determining taxable profit as under:		
Depreciation and amortisation	(17,119)	(2,112)
Effect of applicability of certain exemptions on certain income and other tax debits/credits	(2,919)	(8,115)
Ineffective portion of cash flow hedge	-	(21,468)
Effect of difference in tax rates under normal assessment and final tax regime	16,587	12,633
	<u>373,580</u>	<u>104,410</u>

41. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

41.1 Market risk

a) Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The company's exposure to foreign currency risk is as follows:

	March 31, 2010		March 31, 2009	
	Japanese Yen	US\$	Japanese Yen	US\$
Trade debts	-	187	-	567
Trade payables and accruals	339,410	-	709,929	-
Net exposure	<u>339,410</u>	<u>187</u>	<u>709,929</u>	<u>567</u>

The following significant exchange rates have been applied:

	Average Rate		Reporting date rate	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	----- (Rupees) -----			
Re. to Yen	0.89	0.79	0.90	0.81
US\$ to Rs.	<u>82.96</u>	<u>78.14</u>	<u>84.30</u>	<u>79.80</u>

Sensitivity Analysis

5% strengthening of Pak Rupees against the following currencies at March 31 would increase / (decrease) profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak rupees against the above currencies at year / period ends would have had the equal but opposite effect on the above currencies to the amounts shown below, on the basis that all other variables remain constant.

	March 31, 2010	March 31, 2009
	----- (Rupees in `000) -----	
Effect on profit or loss		
Japanese Yen	315,657	148,730
USD	<u>257,422</u>	<u>252,915</u>

b) Interest rate risk

Interest rate risk is 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 long-term and short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk and borrowings issued at fixed rates gives rise to fair value interest rate risk. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	March 31, 2010	March 31, 2009
	----- (Rupees in `000) -----	
Fixed rate instruments		
Financial assets	<u>1,112,810</u>	<u>323,728</u>
Variable rate instruments		
Financial liabilities	<u>875,000</u>	<u>764,980</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profits for the year / period by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

Effect on profit before tax	<u>8,096</u>	<u>14,195</u>
Effect on equity	<u>5,263</u>	<u>9,227</u>

c) **Other price risk**

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

The Company's investments in mutual funds are exposed to price risk related to interest rate instruments.

41.2 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 arises from deposits with banks, trade deposits, trade debts, investments, loans and advances, other receivables and interest receivable on deposits with banks.

In relation to trade debts, the major part of the sales of the Company is against advance payments, therefore, significant trade debts is mainly due to the sales made to Government and Defence institutions by the Company. The Company believes that it is not exposed to any specific credit risk in respect of these balances.

The credit risk on liquid funds are limited by dealing with various banks and fund managers with reasonably high credit rating. Investments are made in mutual funds / companies having reasonably high credit rating by PACRA and JCR-VIS. Management does not expect any counter party to fail to meet its obligations.

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 is:

	March 31, 2010	March 31, 2009
	----- (Rupees in `000) -----	
Long term loans and advances	18,810	14,359
Long term deposits	11,336	8,964
Trade debts	445,689	320,180
Loans and advances	40,485	37,646
Trade deposits	5,700	30,488
Investments at fair value through profit or loss	1,088,996	455,816
Accrued mark-up / interest	4,513	520
Other receivables	11,566	39,809
Cash and bank balances	1,641,963	636,426
	<u>3,269,058</u>	<u>1,544,208</u>

The maximum exposure to credit risk for trade debts on geographic basis:

Pakistan	430,671	274,988
Bangladesh	15,018	45,192
	<u>445,689</u>	<u>320,180</u>

The maximum exposure to credit risk for trade debts at reporting date by type of counter party was:

	March 31, 2010 ----- (Rupees in `000) -----	March 31, 2009
Government departments	19,037	3,389
Defense institutions	409,757	262,788
Others	16,895	54,003
	<u>445,689</u>	<u>320,180</u>

The ageing of trade debts at the reporting date is:

Not past due	276,729	222,504
Past due 0-30 days	136,654	90,135
Past due 31 days & above	32,306	7,541
	<u>445,689</u>	<u>320,180</u>

Based on past experience the Company believes that no impairment allowance is necessary against amounts past due by 31 days and above as 96% of the amount is due from defense institutions, government departments and remaining amount is due from customers having good track record with the Company.

Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA
The Bank of Tokyo Mitsubishi UFJ Limited	S&P	A1	A+
Bank Al Habib Limited	PACRA	A1+	AA+
Barclays Bank Plc - Pakistan	S&P	A1+	AA-
Deutsche Bank AG	S&P	A1	A+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AA+
MCB Bank Limited	PACRA	A1+	AA+
National Bank of Pakistan	JCR-VIS	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank Pakistan Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
United Bank Limited	JCR-VIS	A1+	AA+

The credit quality investments in mutual funds can be assessed by reference to external credit ratings as follows:

Mutual Funds	Rating Agency	Rating	March 31, 2010 (Rs. in `000) Fair value
Atlas Income Fund	PACRA	A+(f)	412,784
Atlas Islamic Income Fund	PACRA	AA-(f)	49,598
Atlas Money Market Fund	PACRA	AA(f)	51,217
ABL Income Fund	JCR-VIS	A+(f)	218,970
First Habib Income Fund		Not yet rated	150,257
IGI Income Fund	PACRA	3 Star	51,511
Lakson Money Market Fund		Not yet rated	52,080
NIT Government Bond Fund		Not yet rated	52,025
NIT Income Fund		Not yet rated	50,554

41.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due.

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	(Rupees in '000)						
	Carrying Amount	Contractual cash flows	6 months or less	6 – 12 Months	1 - 2 years	2 - 5 years	More than 5 years
March 31, 2010							
Non Derivative Financial Liabilities							
Long term loan	875,000	1,065,011	285,803	162,951	259,945	356,312	-
Trade & other payables	2,985,046	2,985,046	2,985,046	-	-	-	-
Accrued markup / interest	37,384	37,384	37,384	-	-	-	-
	<u>3,897,430</u>	<u>4,087,441</u>	<u>3,308,233</u>	<u>162,951</u>	<u>259,945</u>	<u>356,312</u>	<u>-</u>
March 31, 2009							
Non Derivative Financial Liabilities							
Long term loan	764,980	907,467	306,504	168,457	305,811	126,695	-
Trade & other payables	2,617,069	2,617,069	2,617,069	-	-	-	-
Accrued markup / interest	72,328	72,328	72,328	-	-	-	-
	<u>3,454,377</u>	<u>3,596,864</u>	<u>2,995,901</u>	<u>168,457</u>	<u>305,811</u>	<u>126,695</u>	<u>-</u>

42. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders 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 shareholders, issue new shares and other measures commensurating to the circumstances. The Board of Directors also monitors the level of dividends to ordinary shareholders. The Company has declared a dividend of Rs. 271.966 million i.e Rs. 5 per share per share (2009: Rs. 141.896 million i.e Rs. 3.0 per share) to its shareholders.

In line with others in the industry and the requirements of lenders, the Company monitors its capital structure on the basis of gearing ratio. The ratio is calculated by dividing borrowings by total capital employed. Borrowings represent long term loans obtained by the Company whereas total capital employed includes equity and borrowings. There were no changes in the Company's approach to capital management during the year / period and the Company is not subject to externally imposed capital requirement. Gearing ratio as at year / period ended March 31, 2010 and March 31, 2009 is as follows:

	March 31, 2010	March 31, 2009
	----- (Rupees in `000) -----	
Borrowings	875,000	764,980
Equity	3,891,824	3,321,262
Capital employed	<u>4,766,824</u>	<u>4,086,242</u>
Gearing ratio	<u>18%</u>	<u>19%</u>

43. FAIR VALUE OF FINANCIAL INSTRUMENTS AND HIERARCHY

The carrying amount of all financial assets and liabilities reflected in the financial statements approximate their fair values.

As required by the amendments made in IFRS 7, the following table shows the fair value measurements of the financial instruments carried at fair value by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

	Level 1	Level 2	Level 3	Total
As at March 31, 2010				
Investments at fair value through profit or loss account	1,088,996	-	-	1,088,996
As at March 31, 2009				
Investments at fair value through profit or loss account	455,816	-	-	455,816

44. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions. Amount due from and to related parties, if any, shown under receivables and payables and remuneration of key management personnel is disclosed in the note No. 45. Other significant transactions with related parties are as follows:

	Year ended March 31, 2010 ----- (Rupees in `000) -----	Nine months ended March 31, 2009 -----
Associated companies		
Sales	14,121	5,437
Sale of fixed assets	3,398	-
Purchases	4,331,889	2,391,861
Fixed assets purchased	22,580	7,543
Royalty	1,242,551	694,936
Export commission	8,443	6,069
Technical Fees	5,539	12,134
Interest on deposits	46	12,130
Interest expense	-	2,739
Lease rentals paid	3,168	12,654
Rent paid	40,454	27,097
Insurance premium	131,369	98,817
Insurance claim	3,506	5,525
Sale of investments	85,052	630,000
Purchase of investments	150,000	-
Actual reimbursement of expenses - net	35,553	25,117
Dividend paid	123,155	266,836
Donation paid	3,530	10,042
Contribution to staff retirement funds	34,982	29,992

45. DIRECTORS' AND EXECUTIVES' REMUNERATION

45.1 The aggregate amounts charged in the accounts for remuneration including certain benefits to the Chairman, Chief Executive Officer, working Directors and other Executives of the Company were as follows:

	Chairman		Chief Executive		Directors		Executives	
	Year ended March 31, 2010	Nine months ended March 31, 2009	Year ended March 31, 2010	Nine months ended March 31, 2009	Year ended March 31, 2010	Nine months ended March 31, 2009	Year ended March 31, 2010	Nine months ended March 31, 2009
	(Rupees in `000)							
Remuneration	3,060	2,405	7,588	5,294	5,055	3,820	92,038	78,861
Rent and Utilities	1,464	987	3,737	3,706	2,710	1,891	45,757	37,413
Bonus	1,885	-	5,500	-	2,807	-	59,075	-
Provident fund & gratuity	293	220	835	582	426	297	8,804	7,482
Medical and others	156	68	3	-	40	30	3,985	2,941
Total	6,858	3,680	17,663	9,582	11,038	6,038	209,659	126,697
Number of Persons	1	1	1	1	3	3	85	115

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

45.2 Remuneration to other Directors

Aggregate amount charged in the accounts for the year for fees to two directors was Rs. 100 thousand (2009: Rs. 80 thousand).

46. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on May 07, 2010.

47. PLANT CAPACITY

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

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

Material reclassifications made to conform to current year presentation are as follows:

Statement	Nature of item	Reclassification from	Reclassification to	Rupees in ('000)
Balance sheet	Advance tax	Other receivables	Advance tax - net	195,719
Balance sheet	Current tax liability	Provision for tax	Advance tax - net	(104,411)
Balance sheet	Sales tax	Other receivables	Sales tax refundable- net	61,262



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

**PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION
AS AT MARCH 31, 2010**

<u>Shareholders Category</u>	<u>No. of Shares held</u>	<u>Percentage</u>
Associated Companies, Undertakings and related Parties:		
Atlas Insurance Limited	1,542,128	2.84
Honda Motor Company Limited	19,037,629	35.00
Shirazi Investments (Pvt) Limited	13,290,171	24.43
Shirazi Capital (Pvt) Limited	13,339,540	24.52
	47,209,468	86.79
NIT and ICP:		
National Bank Of Pakistan Trustee Department	268,811	0.50
Investment Corporation Of Pakistan	531	0.00
IDBP (ICP Unit)	981	0.00
	270,323	0.50
Directors, CEO and their Spouses and minor children and Associates:		
Mr. Yusuf H. Shirazi & Associates	3	0.00
Mr. Saquib H. Shirazi (CEO)	1	0.00
Mr. Sanaulah Qureshi	212	0.00
Mr. Sherali Mundrawala	7,823	0.01
	8,039	0.01
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds.	23,834	0.04
	-	-
Individuals	4,712,882	8.66
Others	2,168,677	3.99
Total	54,393,223	100.00
Shareholders holding 10% or more voting interest		
Honda Motor Company Limited	19,037,629	35.00
Shirazi Investments (Pvt) Limited	13,290,171	24.43
Shirazi Capital (Pvt) Limited	13,339,540	24.52

Details of Trading in the shares by Directors

Name	No. of Shares Transferred	Date of Transfer	Price per share
Mr. Yusuf H. Shirazi	1	11-7-2009	Gift from Mr. Iftikhar H. Shirazi
Mr. Yusuf H. Shirazi	1	30-12-2009	Gift to trustees of Iftikhar Shirazi Family Trust

PATTERN OF SHAREHOLDING

AS AT MARCH 31, 2010

No. of shareholders	Shareholdings				Total shares held
387	From	1	To	100	11,923
265	From	101	To	500	64,276
133	From	501	To	1,000	96,497
225	From	1,001	To	5,000	513,730
72	From	5,001	To	10,000	518,093
30	From	10,001	To	15,000	362,485
9	From	15,001	To	20,000	159,388
15	From	20,001	To	25,000	338,819
2	From	25,001	To	30,000	54,406
3	From	35,001	To	40,000	112,588
3	From	40,001	To	45,000	128,102
1	From	45,001	To	50,000	47,906
1	From	50,001	To	55,000	51,329
3	From	55,001	To	60,000	177,984
3	From	60,001	To	65,000	188,250
1	From	65,001	To	70,000	68,215
1	From	75,001	To	80,000	79,805
1	From	80,001	To	85,000	82,565
1	From	85,001	To	90,000	85,221
1	From	90,001	To	95,000	93,021
1	From	95,001	To	100,000	98,212
1	From	110,001	To	115,000	115,000
1	From	115,001	To	120,000	119,736
1	From	120,001	To	125,000	120,316
1	From	235,001	To	240,000	235,635
1	From	255,001	To	260,000	258,713
1	From	265,001	To	270,000	268,811
1	From	365,001	To	370,000	368,929
1	From	540,001	To	545,000	540,694
1	From	1,540,001	To	1,545,000	1,542,128
1	From	1,820,001	To	1,825,000	1,823,106
1	From	13,290,001	To	13,295,000	13,290,171
1	From	13,335,001	To	13,340,000	13,339,540
1	From	19,035,001	To	19,040,000	19,037,629
1171					54,393,223

PATTERN OF SHAREHOLDING

AS AT MARCH 31, 2010

Categories of Shareholders	Shares held	Percentage
Directors, CEO their spouse and minor children and Associates	8,039	0.01
** Associated Companies, undertakings and related parties	47,209,468	86.79
NIT and ICP	270,323	0.50
Banks, Development Finance Institutions, Non-Banking Finance Institutions	23,834	0.04
* Insurance Companies		
Modarabas and Mutual Funds		
** Shareholders holding 10%		
General Public		
Local	4,712,882	8.67
Foreign		
Others		
Corporate Law Authority (SECP)	1	0.00
Joint Stock Companies	109,421	0.21
Cooperative Society	512	0.00
Trustee of Iftikhar Shirazi Family Trust	1	0.00
Loads Limited	1	0.00
Habib bank AG Zurich (SWT)	235,635	0.43
JPMorgan (Suisse) SA	1,823,106	3.35
	54,393,223	100.00

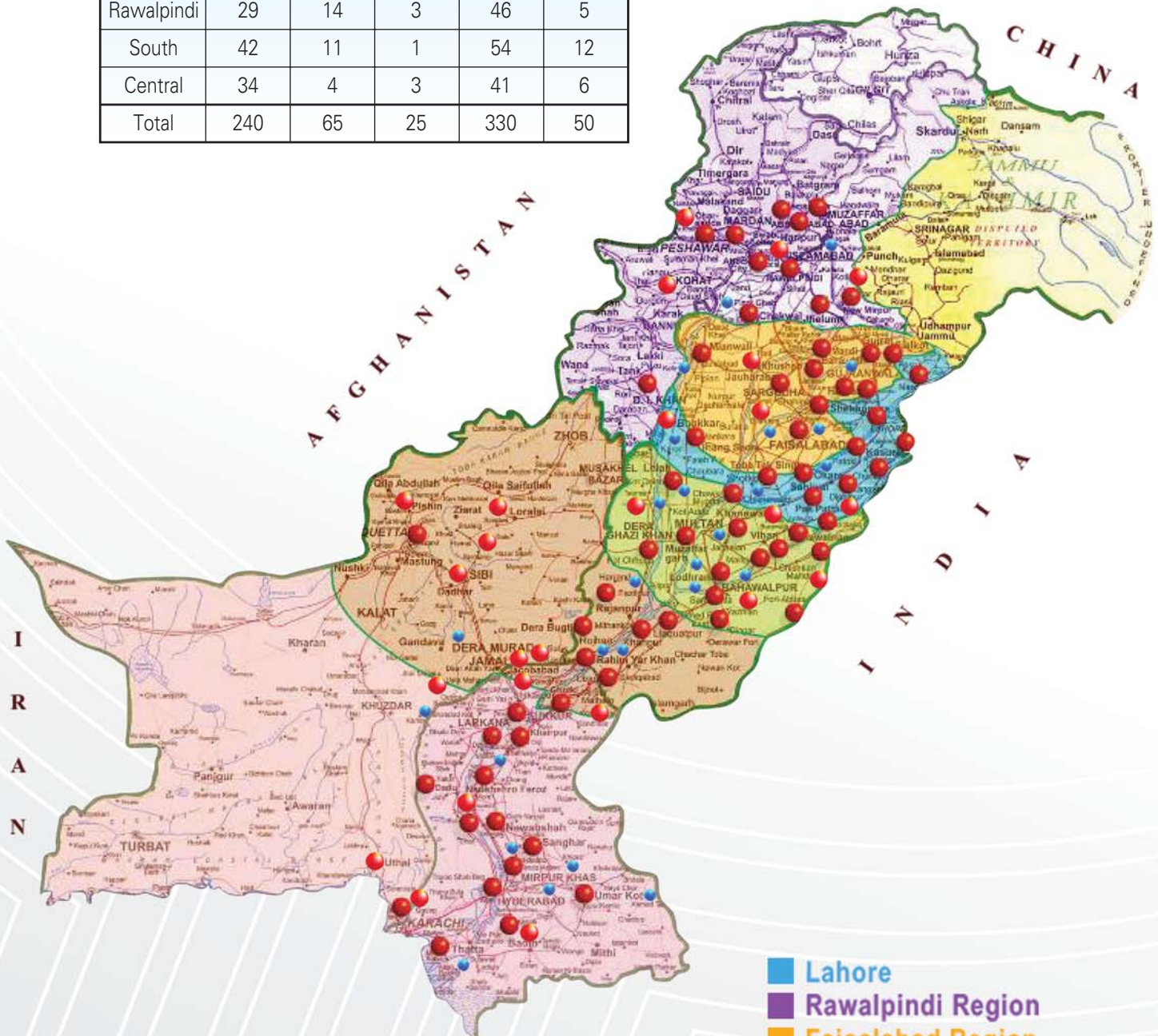
Note : Included in Associated Companies

* Atlas Insurance Ltd. 1,542,128 shares

** Honda Motor Company Ltd. 19,037,629 shares, Shirazi Investments (Pvt.) Ltd. 13,290,171 shares, Shirazi Capital (Pvt) Ltd. 13,339,540 shares

Region wise Network up to March 2010

Region	5s Dealers	1-3s Dealers	Lease Dealers	Total	SSP
Lahore	46	17	9	72	12
Faisalabad	38	10	7	55	4
Multan	51	9	2	62	11
Rawalpindi	29	14	3	46	5
South	42	11	1	54	12
Central	34	4	3	41	6
Total	240	65	25	330	50



● Sale Dealers
● SSP (smart sale point)

■ Lahore
■ Rawalpindi Region
■ Faisalabad Region
■ Multan Region
■ Central Region
■ South Region

Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
 Atlas Bank	1990
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Total Atlas Lubricants	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Capital Markets	2006
 Atlas Power	2007

The Secretary
Atlas Honda Limited,
1-Mcleod Road,
Lahore.

PROXY FORM

I/We _____
of _____
being member(s) of Atlas Honda Limited and holder(s) of _____
Ordinary Shares as per Register Folio No. _____ and / or CDC Participant
I.D. No. _____ and Sub Account No. _____ hereby
appoint _____
of _____
or failing him / her _____
of _____ as my/our Proxy to attend, act and vote for me/us and on my/our
behalf at the 46th Annual General Meeting of the Company to be held at the Registered Office of the Company at
1-Mcleod Road, Lahore, on Wednesday, June 23, 2010 at 11:00 a.m. and at every adjournment thereof.

As witness my/our hand this _____ day of _____ 2010
signed by the Said _____ in the presence of

(Witness)

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

Affix Revenue Stamp
Signature

NOTE:

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

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

AFFIX
POSTAGE

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Atlas Honda Limited

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E-mail : ahl@atlas.com.pk **Website**: www.atlashonda.com.pk