

## Directors' Report as on March 31, 2009

The directors feel privilege to present you the Annual Audited Accounts of the company together with the Auditors' Report thereon for the year ended March 31, 2009.

Financial results for the year are as follows:



Mr. Atsushi Yamazaki  
President / CEO

	<b>Year ended March 31, 2009</b>	<b>Year ended March 31, 2008</b>
	<b>(Rupees in thousands)</b>	
(Loss) / Profit before tax for the year	(622,285)	63,617
Taxation	(220,452)	(11,393)
(Loss) / Profit after tax	(401,833)	75,010
Un-appropriated profit / (loss) brought forward	178	(332)
(Loss) / Profit available for appropriation	(401,655)	74,678
Appropriations *:		
Transfer from / (to) general reserves	400,000	(74,500)
Proposed dividend (2008: Nil)	-	-
	400,000	(74,500)
Un-appropriated (loss) / profit carried forward	(1,655)	178
(Loss) / earnings per share – basic and diluted (Rupees)	(2.81)	0.55

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

## Corporate & Financial Reporting Framework

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

- The financial statements for the year ended March 31, 2009 present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended March 31, 2009 and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards (IAS), as

applicable in Pakistan, have been followed in preparation of financial statements;

- The systems of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations;
- The book values of the Employees Provident Fund and Employees Gratuity Fund as on March 31, 2009 were Rs.99.9 million and Rs. 48.4 million respectively.
- The key operating and financial data for last ten years is given in this report.

## Board Meetings

During the year under review, four meetings of the Board of Directors were held from April 01, 2008 to March 31, 2009. The attendance of the Board members was as follows:

Sr. No	Name of Director	No of Meetings attended
1.	Mr. Yusuf H. Shirazi	4
2.	Mr. Atsushi Yamazaki	4
3.	Mr. Aamir H. Shirazi	3
4.	Mr. Fumihiko Ike	-
5.	Mr. Jawaid Iqbal Ahmed	4
6.	Mr. Masaaki Suzuki *	3
7.	Mr. Yukimitsu Miyagi	3
	Mr. Sardar Abid Ali Khan (Company Secretary)	4
	Mr. Asad Murad (CFO)	4

\* Mr. Masaaki Suzuki retired on April 01, 2009 & Mr. Masahiro Takedagawa joined as his successor

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

Masaaki Suzuki to Mr. Masahiro Takedagawa due to above mentioned change in the Board of Directors.

One casual vacancy occurred on the Board of Directors and Mr. Masaaki Suzuki was replaced by Mr. Masahiro Takedagawa on April 01, 2009. The qualification shares were transferred from Mr.

Further, Mr. Asad Murad, GM Finance & CFO, sold 4,000 shares of the company during the year under review. There was no other reported transaction by directors, CEO, Company Secretary and their

spouses or minor children except mentioned there above.

The Board approved remuneration of Chairman and Company Secretary at Rs. 10.60 million and Rs. 7.65 million (2008: Rs 9.23 million and Rs 6.66 million) respectively, which includes bonuses, allowances and other benefits as per terms of their employment, for the year ending March 31, 2010.

President/CEO will be paid an amount of Rs. 8.00 million (2008: Rs 5.74 million) and one full-time director will be paid an amount of Rs. 16.00 million (2008: Rs 17.32 million for two directors), which includes allowances and other benefits as per terms of their employment, for the year ending March 31, 2010.

#### **Audit Committee**

The Audit Committee held eight meetings during the year under review, each before the Board of Directors meeting to review the financial statements, internal audit reports and compliance of the Corporate Governance requirements. These meetings included meeting with external auditors before and after completion of external audit and other statutory meeting as required by the code of corporate governance.

#### **Honda Code of Corporate Governance**

The company continued to comply with the requirements of the Honda Code of Corporate Governance, based on the fundamental corporate philosophy of Honda.

#### **Chairman's Review**

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

#### **Holding Company**

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

#### **Statement of Compliance with the Code of Corporate Governance**

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

#### **Pattern of Shareholding**

The pattern of shareholding as on March 31, 2009 and its disclosure, as required by the Code of Corporate Governance is annexed with this report.

#### **Auditors**

As recommended by the Audit Committee, the present auditors Messer's A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ending March 31, 2010.

For and on behalf of  
The Board of Directors



Lahore  
May 05, 2009

Atsushi Yamazaki  
President/Chief Executive

# The Power of **DREAMS**

