EXPLORING NEW DIMENSIONS OF PROGRESS

ANNUAL REPORT 2018

Honda Atlas Cars (Pakistan) Limited
The Company has always won the hearts of the customers with its modern and futuristic product range. This innovative approach has helped the company to succeed on many fronts. The concept “Exploring new dimensions of progress” is represented in this visual. This makes use of the symbolic arrows that represent new dimensions, exploration, innovation and progress. Shades of red and orange highlight aggressive growth and success.

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

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

BOARD OF DIRECTORS
Mr. Yusuf H. Shirazi
Mr. Hironobu Yoshimura
Mr. Aamir H. Shirazi
Mr. Kenichi Matsuoo
Mr. Akira Murayama
Mr. M. Feroz Rizvi
Ms. Mashmooma Zehra Majeed
Ms. Rie Mihara
Mr. Satoshi Suzuki

Mr. Hironobu Yoshimura
Mr. Kenichi Matsuoo
Mr. Akira Murayama

Mr. Aamir H. Shirazi
Mr. Kenichi Matsuoo
Mr. M. Feroz Rizvi
Ms. Mashmooma Zehra Majeed
Ms. Rie Mihara
Mr. Satoshi Suzuki

COMPANY SECRETARY
Mr. Maqsood-ur-Rehman Rehmani

CHIEF FINANCIAL OFFICER
Mr. Ahmad Umair Wajid

AUDIT COMMITTEE
Mr. Feroz Rizvi
Mr. Aamir H. Shirazi
Mr. Akira Murayama
Ms. Mashmooma Zehra Majeed
Mr. Satoshi Suzuki

Ms. Mashmooma Zehra Majeed
Ms. Rie Mihara
Mr. Satoshi Suzuki

HUMAN RESOURCE AND REMUNERATION COMMITTEE
Ms. Mashmooma Zehra Majeed
Mr. Aamir H. Shirazi
Mr. Hironobu Yoshimura
Mr. Kenichi Matsuoo
Mr. Akira Murayama

EXECUTIVE COMMITTEE
Mr. Hironobu Yoshimura
Mr. Kenichi Matsuoo
Mr. M. Feroz Rizvi
Ms. Mashmooma Zehra Majeed
Ms. Rie Mihara
Mr. Satoshi Suzuki

HEAD OF INTERNAL AUDIT
Mr. Hamood-ur-Rahman

COMPANY’S STRUCTURE

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

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

LEGAL ADVISOR
Cornelius, Lane & Multi
Bokhari Aziz & Karim

REGIONAL OFFICES
LAHORE
Asia House,
19-C&D, Block L, Gulberg III,
Main Ferozepur Road.
Tel: +92 42 35694851-53
Fax: +92 42 3549453

KARACHI
C16, KDA Scheme No. 1,
Karaz Road.
Tel: +92 21 34305411-3
Fax: +92 21 34305414

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

FACTORY
43 Km, Multan Road,
Manga Mandi, Lahore, Pakistan.
Tel: +92 42 35386491-92
Fax: +92 42 35386491-92
E-mail: info@honda.com.pk
Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa International and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has also been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIU and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation, Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology – Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz, the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an “especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors”. Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Fernamite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College – University Lahore.

The Government of Japan also acknowledged Mr. Shirazi’s contributions to promote economic relationship between the two countries by conferring the Japanese National Award.

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

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Mr. Akira Murayama

Director

Mr. Murayama has been associated with Honda Motor, Japan for last 29 years. He has vast experience of Financial Management and Business Planning operations. He has been working in Honda Motor, Japan and different Honda ventures and subsidiaries in Europe.

He has worked as Staff Manager in Honda Motor Europe Limited for four years and Manager Honda Motors, Japan. He has been Director of Honda Motor Europe for two years before assuming the position of General Manager, Honda Motors in Europe region operations.

He joined as General Manager of Asian Honda Motor Co., Limited, Thailand and on the Board of Directors of Honda Atlas Cars (Pakistan) Limited in April 2018.

Mr. Feroz Rizvi

Independent Director

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 38 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1986, he was seconded to ICI PLC’s headquarters in London. During his secondment he was involved in ICI PLC’s strategic shift from industrial to consumer chemical and a major acquisition of USD 8 billion from Unilever PLC as part of the company’s major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC’s industrial chemical business. Feroz Rizvi has extensive experience in corporate strategy, restructuring and merger and acquisition. He is the Chief Executive of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymer Ltd., and Pakistan Oxygen Ltd (formerly Linde Pakistan Ltd). He joined the Board of Honda Atlas Cars (Pakistan) Limited on 2nd May 2018.

Ms. Mashooma Zehra Majeeed

Independent Director

Ms. Majeeed completed her Chartered Financial Analyst (CFA) program in 2001 from the CFA Institute and the Financial Risk Manager (FRM) Program in 2010. She has a vast experience of 19 years in Investment and Capital Markets. She has been associated with the asset management industry in Pakistan for over 16 years with her forte being in investment management and product development. She has previously worked in senior positions in Atlas Asset Management Limited, ABAMCO Ltd (now JS Investments Ltd) and Crosby Asset Management Ltd. She started her career with M/S Hameed Majeeed Associates (Pvt) Ltd., as Management & Financial Consultant.

Currently, Ms. Majeeed is working as Chief Executive Officer (CEO) in Mutual Funds Association of Pakistan (MUFAP) since 2012. She is on the Board of Honda Atlas Cars (Pakistan) Limited since July 1, 2017.

Ms. Rie Mihara

Independent Director

Ms. Mihara is Chief Executive Officer & Founder of Makotoya Co., Limited, Japan since 2008.

She is graduate from Tohoku Fukushi University, Miyagi, JAPAN in Social Welfare. After study, she joined M’s Recruit Staffing Co., Limited in 2001 as Customer Centre Manager and worked as Director Human Resource Development in Welcome Co., Limited, Japan. In 2008 she laid the foundation of Makotoya Co., Limited in Japan and worked as CEO & Founder of the Company. In 2016, Ms. Mihara established Makotoya Pakistan (Pvt) Limited and working as CEO. She has vast experience of Marketing, Human Resources and entrepreneurship.

She is on the Board of Honda Atlas Cars (Pakistan) Limited since May 2, 2018.

Mr. Satoshi Suzuki

Director

Mr. Suzuki has been associated with Honda Motor, Japan for more than 27 years. He has vast experience of automobile business & Product Planning, working on different strategic positions, around the globe.

Mr. Suzuki was associated with Honda Canada Inc., Toronto, Ontario and have been involved in Sales Planning and restructuring business plan. He was promoted to Chief of North America Sales Large Project Leader of Civic Group, In charge of CIVIC and CR-V.

Mr. Suzuki has served Honda Motor Europe, Ltd., United Kingdom for two different terms. He has also worked in Honda Motor RUS LLC, Moscow, Russia as Director Sales. He has been associated with American Honda Motor Co., Inc. as Vice President for Automobile Operations Division.

Mr. Suzuki joined on the Board of Honda Atlas Cars (Pakistan) Limited from 1st January 2018.

Mr. Maqsood-ur-Rehmani

Vice President & Company Secretary

Mr. Rehmani has done MBA Marketing and is a Law graduate from University of Karachi. He has vast experience of Administration, Industrial Relations, Human Resource, Logistics & Supply Chain operations and Vendor Development. He joined Atlas Honda Limited in 1989 and was transferred to Honda Atlas Cars (Pakistan) Limited in 2008 as GM Logistcs. He was appointed as Vice President HR & Admin and Company Secretary in November 2014.
MR. MUHAMMAD ASHRAF
Assistant Vice President
Model Planning & Production
Mr. Ashraf has more than 25 years experience of automobile production operations and new model development. He started his career with Awami Autos Limited in 1992 and has also worked with Pak Suzuki Motor Co for nine years. He joined Honda Atlas Cars (Pakistan) Limited in 1993 and has qualified Management Courses from AOTS Japan. He has worked in different management capacities and currently he is Head of Model Planning & Production Division.

MR. IQBAL AHMED
Senior General Manager
After Sales
Mr. Iqbal has BSc in Mechanical Engineering from UET, Lahore and Executive MBA from IUMS. He has more than 25 years experience of production, quality, manufacturing operations, stores and project management. He started his career as trainee engineer with Atlas Honda Limited and served in different management positions. He joined Honda Atlas Cars (Pakistan) Limited in November 2014 as Head of Import Purchase & Logistics Division. Since August 2017, he is working as Head of After Sales.

MR. TADAHIRO HAYAKAWA
General Manager
Production
Mr. Hayakawa has been associated with Honda Motor Co., Japan for more than 32 years. He has vast experience of different production operations. He has been head of Welding operations at Honda of UK Manufacturing Ltd, for eight years. He has also served as ELP at American Honda Motor Co., (HAM) for seven years. He was transferred to Honda Atlas Cars (Pakistan) Limited on April 1, 2015.

MR. ASIF MAHMOOD
General Manager / Purchasing
Mr. Asif is Mechanical Engineer, graduated from UET Lahore. He joined HACPL in 1994 as trainee Engineer. Over the past 25 years, he served in Material Services, Production Planning & Control, ISD, New Model Control (NMC) & Spec Control. He has qualified Management courses from HIDA, Japan. In 2012, he was assigned the responsibility in Purchasing & Quality Development department. Since Dec 2015, he is Head of Purchasing Division.

MR. AHMAD UMAIR WAJID
Chief Financial Officer / General Manager
Mr. Umar is a Fellow Member of the Institute of Chartered Accountant of Pakistan and having more than 13 years post qualification experience. He has been involved in financial management, budgeting, strategic business planning, corporate compliance and risk management operations. Prior to joining HACPL, he has also worked as Manager - Assurance and Business Advisory services in A.F. Ferguson & Co., for more than 5 years.

MR. ZIA UL HASSAN KHAN
General Manager
HR & Administration
Mr. Zia holds B.E Electrical Engineering from UET, Lahore, Diploma in Business Administration from IBA Karachi. He has more than 19 years of experience of Maintenance, Project Management and Production. He started his career as Assistant Manager Maintenance with Atlas Honda Limited and was transferred to Honda Atlas Cars (Pakistan) Limited in April 2017 as General Manager HR & Administration.

MR. MUHAMMAD AJMAL
General Manager / Chief Engineer Quality (CEO)
Mr. Ajmal has been associated with the Company for last 26 years. He has vast experience of working in Frame Assembly, Vehicle Quality, Market Quality & Quality Control Department. He has qualified Management course from AOTS, Japan in the field of “Automobile-New Model Development” in 1999 and from HIDA, Japan in “Production Management” in 2017. He is working as CEO since April 2018.

MR. TOSHINORI AWAYA
General Manager / Senior Advisor, Quality Control
Mr. Awaya has been associated with Honda Motor, Japan for last 27 years. He has vast experience of Quality Control, working in different Honda Motor plants in Japan and Thailand. He has worked as VQ Manager in Honda Motor, Japan for two years, and as Chief Engineer Quality (CEO) for five years in Honda Motor, Thailand. Currently he is working as Senior Advisor, Quality Control.
CORPORATE GOVERNANCE (ORGANIZATION STRUCTURE)
BUSINESS PRINCIPLES

HONDA MOTOR CO., LIMITED, JAPAN

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

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

HONDA ATLAS CARS (PAKISTAN) LIMITED

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

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

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

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

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

Quality Policy
We at Honda Atlas Cars (Pakistan) Limited, strive for supplying top quality Honda cars to get ultimate customers satisfaction accomplished by focusing on:
- Smart team work
- Meeting all applicable legal and regulatory requirements
- Continually improving our strategies and goals

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

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

Safety, Health and Environment Policy
Honda Atlas Cars (Pakistan) Limited conducts its business responsibly and in a way to make sure health, safety and protection from environmental aspects of its associates and the society.

We implement and maintain the programs that provide responsible assurance that the business will do the following:
1. To comply with all applicable Government and internal health, safety and environmental requirements;
2. Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment;
3. To examine and communicate the known hazards of operations with relevant health safety and environmental protection information to potentially affected persons.

Operating Principles
1. Always keep the deadline
2. Never make excuses
3. Team work
HONDA PHILOSOPHY

The Honda Philosophy, bequeathed to the Company by its founders Soichiro Honda and Takeo Fujisawa, is composed of Fundamental Beliefs (Respect for the Individual and The Three Joys), the Company Principle and Management Policies. The Philosophy forms the values shared by all Honda Group companies and all of their associates and is the basis for Honda’s corporate activities.

Moving beyond words alone, Honda incorporates the Philosophy into educational programs for its associates and gives it life by turning it into action, from everyday business activities to management decision-making, so that every person in the Company can responsibly continue putting the Philosophy into practice.

Additionally, Honda engages in corporate activities under concept of “Free and Open, Challenge, Co-evolution” – that is, the concept of bringing into play Honda’s corporate culture of “taking up the challenge without fear of failure, free from the prejudice of preconceived ideas, and with a foundation of teamwork based on trust”.

Society’s expectations towards Honda Continue to evolve with the times. As a responsible company, Honda will undertake the resolution of problems while listening to the voices of its diverse stakeholders so as to meet their expectations and earn their trust.

FUNDAMENTAL BELIEFS

RESPECT FOR THE INDIVIDUAL

INITIATIVE

Initiative means not to be bound by preconceived ideas, but think creatively and act on your own initiative and judgment, while understanding that you must take responsibility for the results of these actions.

EQUALITY

Equality means to recognize and respect individual differences in one another and treat each other fairly. Our company is committed to this principle and to creating equal opportunities for each individual. An individual’s race, gender, age, religion, national origin, educational background, social or economic status has no bearing on the individual’s opportunities.

TRUST

The relationship among associates at Honda should be based on mutual trust. Trust is created by recognizing each other as individuals, helping out where others are deficient, accepting help where we are deficient, sharing our knowledge, and making a sincere effort to fulfill our responsibilities.

THE THREE JOYS

THE JOY OF BUYING

The joy of buying is achieved through providing products and services that exceed the needs and expectations of each customer.

THE JOY OF SELLING

The joy of selling occurs when those who are engaged in selling and servicing Honda products develop relationships with a customer based on mutual trust. Through this relationship, Honda associates, dealers and distributors experience pride and joy in satisfying the customer and in representing Honda to the customer.

THE JOY OF CREATING

The joy of creating occurs when Honda associates and suppliers involved in the design, development, engineering and manufacturing of Honda products recognize a sense of joy in our customers and dealers. The joy of creating occurs when quality products exceed expectations and we experience pride in a job well done.

HONDA AND OUR STAKEHOLDERS

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

To be “a company that society wants to exist,” Honda must appropriately and accurately convey to society the value that it seeks to offer. Together with this, we must put into practice a communication cycle by which we engage in dialogues with diverse stakeholders to grasp and understand the demands and expectations placed on the company, translate these into concrete measures and finally listen to stakeholders’ evaluations of our activities. Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society and vice-versa. As this process continues to accelerate, we believe that stakeholders dialogue is a beneficial tool that enable us to expand business opportunities and increase the company’s customer base, while also giving us an understanding of changes and risks in the social environment.

With this awareness in mind, Honda engages in dialogues with stakeholders through a variety of opportunities, with our sales departments and Customer Relations Center acting as points of contact for customers, our purchasing departments doing so for suppliers, and our human resource division establishing relations with local community.

STAKEHOLDER ENGAGEMENT

Customers

- Customer satisfaction surveys, new model launching events, parts exhibitions, safe driving activities, etc.
- Policy Makers
  - Participation in the council bodies of government and industrial groups such as PAMA, PAPAAM, EDB, etc.
- Associates
  - Associate satisfaction surveys, education and training, direct communication, benefited executives and associates
- Local Communities
  - CSR activities for communities, employment creation, factory tours for children and students
- Suppliers
  - Supplier conferences, technical & management support, supplier quality audits, etc.
- Experts and local governments
  - Dialogue concerning policies and technology, feasibility studies, etc.
- Media
  - Journalist meetings, new model / launch events, corporate events, press releases, etc.
- Shareholders and Investors
  - Company shareholders’ meetings, factory visits, etc.
- Stakeholder Engagement
CHRONICLE OF EVENTS

1992
- 4th November: Joint Venture Agreement Signed with Honda Motor Co. Ltd., Japan
- 5th August: Groundbreaking Ceremony held

1993
- 17th April: Inauguration by President of Pakistan and visit of Mr. N. Kawamoto, President Honda Motor, Japan

1994
- 1st April: Technical Assistance Agreement signed with Honda Motor Co. Ltd., Japan
- 16th July: Commercial Production Commenced
- 19th October: Inauguration by President of Pakistan and visit of Mr. N. Kawamoto, President Honda Motor, Japan

1995
- 20th January: Launch of New City Model with PGM-FI Technology
- 28th January: First Model of 50th Anniversary launched

1996
- 13th January: Honda Motor Company’s 50th Anniversary
- 1st October: Honda Motor Company’s 50th Anniversary

1997
- 22nd January: Honda City Launched
- 22nd March: Launch of New Honda Civic

1998
- 10th January: New Civic 96 Launched
- 26th May: First Car Rolling Out Ceremony held

1999
- 1st March: Launch of New Honda Civic
- 15th March: Launch of New Honda Civic

2000
- 20th January: Launch of New Civic 96 Launched
- 26th January: Launch of New Civic 96 Launched

2001
- 22nd March: Launch of New Honda Civic

2002
- 31st December: Rolling Out of 100,000th Car

2003
- 23rd August: New Honda City Launched

2004
- 14th January: Launch of New Model of Honda City

2005
- 21st December: Rolling Out of 100,000th Car
- 5th August: First Car Rolling Out of 200,000th Car

2006
- 29th July: New Honda Civic Launched in 1800 CC
- 20th July: Launch of New Honda Accord & CRV
- 31st December: Capacity Enhancement to 50,000 Units per annum achieved

2007
- 27th August: Issue of 100% Right Shares

2008
- 20th July: Launch of New Honda Accord & CRV
- 2nd July: Launch of Honda City Aspire 1.3

2009
- 31st January: Launch of 3rd Generation Honda City

2010
- 16th October: Launch of Evolved Honda City Model

2011
- 10th October: Public Issue of Shares
- 31st December: Honda City Aspire 1.3 Launched

2012
- 17th April: Launch of Honda City Aspire 1.3
- 18th September: Inauguration of Honda Atlas Cars Pakistan Limited
- 18th October: Launch of Evolved Honda City Model

2013
- 10th December: Celebration of 20th Anniversary
- 17th April: Launch of Honda City Aspire 1.3

2014
- 11th January: Launch of 4th Generation Honda City
- 18th September: Launch of New Honda Civic

2015
- 6th November: Achieved Best Quality Award
- 17th December: First Honda Marathon held

2016
- 21st April: Launch of Honda CRV
- 23rd July: Honda Motor Company’s 50th Anniversary
- 1st March: Launch of New Honda CRV

2017
- 21st April: Launch of Honda City
- 31st March: Achieved record production & sale

2018
- 25th February: 25th Anniversary celebrated
- 31st March: Achieved 50,000 production & sales target
- 4th February: 25th Anniversary celebrated
**PATTERN OF SHAREHOLDING**

**AS ON MARCH 31, 2018**

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
<th>Name of Shareholders</th>
<th>Shares Held</th>
<th>Percentage of Total Capital</th>
</tr>
</thead>
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<td>1</td>
<td>100</td>
<td>0.08</td>
</tr>
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<td>24500</td>
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</tr>
<tr>
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**CATEGORIES OF SHAREHOLDERS**

**AS ON MARCH 31, 2018**

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<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>Number of Shareholders</th>
<th>Shares Held</th>
<th>Percentage of Total Capital</th>
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INVESTOR RELATIONS INFORMATION
AS ON MARCH 31, 2018

COMPANY INFORMATION
Established on
November 4, 1992
Line of Business
Manufacturing of Honda Vehicles
Fiscal Year-End
March 31
Auditor’s
M/s. A.F. Ferguson & Company
Share Registrar
M/s. Hameed Majeed Associates (Pvt.) Ltd.
H.M. House, 7 - Bank Square, Lahore
Phone: +92-42-3723 5891-82
Email: info@hmconsultants.com
Web Site
www.honda.com.pk
www.facebook.com/hacpl

STOCK INFORMATION
Security Code
HCAR
Number of Shares Authorized
200,000,000
Number of Shares Issued
142,800,000
Number of Shareholders
5,527 (March 31, 2018)
Number of Shares per Trading Unit
100 Shares
Stock Exchange Listing
Pakistan Stock Exchange Limited
General Meeting of Shareholders
June 28, 2018
Book Closing
June 18, 2018 to June 28, 2018 (both days inclusive)
Next Election of Directors
April 2021

BREAKUP VALUE PER SHARE
(RUPEES)

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ANNUAL REPORT 2018
SIGNIFICANT EVENTS DURING 2017-18

- **April 2017**: Launch of Honda BRV
- **April 2017**: BOD Meeting held
- **April 2017**: Celebration of 20 Years of Excellence – Honda City
- **May 2017**: Annual General Meeting of Shareholders
- **June 2017**: Environment Day Celebrated
- **July 2017**: 130% Dividend paid to shareholders
- **July 2017**: BOD & Audit Committee meetings held
- **August 2017**: Independence Day Celebrated
- **August 2017**: 41.8% Dividend paid to shareholders
- **March 2018**: Achieved 50,000 production and sales target
- **February 2018**: Celebrated Eid Milad un Nabi
- **January 2018**: BOD & Audit Committee meetings held
- **December 2017**: Celebrated Independence Day
- **October 2017**: Vendor Conference held
- **October 2017**: City Face Lift launching
- **November 2017**: BOD & Audit Committee meetings held
- **November 2017**: HM Audit & Supervisory Committee visit
- **November 2017**: BOD & Audit Committee meetings held
- **June 2017**: Honda Marathon

**Key Highlights**

- **Sales Revenue**: 91,523 (Rs in million)
- **Gross Profit**: 10,449 (Rs in million)
- **Dividend**: 3,249 (Rs in million)
- **Shareholders’ Equity**: 17,073 (Rs in million)
- **Working Capital**: 12,046 (Rs in million)
- **Breakup Value per Share**: 120 (Rupees)
- **Units Sold**: 50,100

**Units Sold**

- **45.7%**
- **41.6%**

**Shareholders’ Equity**

- **31.9%**
- **11.8%**

**Gross Profit**

- **27.8%**
- **14.5%**

**Sales Revenue**

- **43.1%**
- **30.7%**

**Manpower**

- **2,280 (Nos.)**
THE ECONOMY
Pakistan’s economy continued to grow at an encouraging pace but macroeconomic balances are widening. GDP is expected to reach a decade high level of 5.6%. The continued implementation of CPEC projects, new power generation capacity, sustained recovery of agriculture and strong growth in consumption were instrumental in achieving the recent performance. CPI inflation has remained stable averaging at 4.0% during 9M/FY18 mainly due to muted food inflation and lower than anticipated rise in fuel prices. Foreign Direct Investment improved to 4.4% which was primarily dominated by Chinese CPEC related inflows. On the fiscal front, FBR collected taxes worth Rs. 2,421 billion during the 9M/FY18, showing a growth of 16% as compared to the corresponding period of last year. Accordingly, to maintain growth momentum and keep inflation under control, the State Bank of Pakistan (SBP) has decided to marginally raise policy rate by 25 bps to 6.0%, after keeping it unchanged since May 2016.

Besides progressing real economy, Pakistan’s external position continued to remain under stress. The main driver has been the surge in imports by 15.7% year on year basis, reflecting strong domestic demand, implementation of import-intensive CPEC projects and rising oil prices. By contrast, exports have bounced back by 13.1% after three years of continuous decline due to supportive government measures. Growth in home remittances remained low, improved slightly by 3.6%. Accordingly, elevated current account deficit of USD 10.8 billion during the 8M/FY18 and increased external obligations have raised external financing needs, taking a further toll on foreign exchange reserves, which stood at USD 17.8 billion. In line with evolving fundamentals, the SBP allowed the rupee to lose by 10.2 % against USD since December 2017. The performance of the stock market also remained lackluster as PSX 100 index dropped by 16.8% since its high in May 2017 of 53,217 to 45,560 points.

AGRICULTURE
The agriculture sector continues to be the corner stone with contribution of 19.5% to GDP and employment of 42% labor force. Better water flow, higher yields, attractive output prices and supportive government policies have provided impetus to the growth. Major Kharif crops such as sugarcane and rice surpassed their targets, while cotton managed to exceed last year’s production level. Other components of agriculture like livestock, fisheries and forestry also showing progressive growth. Barring chances of wheat target being missed by slight margin, this sector is projected to register positive growth for the second consecutive year.

LARGE SCALE MANUFACTURING (LSM)
LSM posted a growth of 6.2% during the first eight months of FY18 as compared to same period of previous financial year. The sector managed demand pressures through better utilization of existing capacity and continuous additions in installed capacity. Improvement was largely from expansion in cement, iron and steel products that reflects greater demand from construction on public infrastructure projects. Higher domestic demand was indicated by sharp expansion in consumer goods such as automobiles and electronics. Recovery in engineering, petroleum products and rubber also contributed to growth, which is expected to continue in light of a favorable demand outlook.

CHAIRMAN’S REVIEW
AS ON MARCH 31, 2018

It gives me great pleasure to present you the Annual Financial Statements of the Company for the year ended March 31, 2018.
AUTOMOBILE INDUSTRY

Pakistan is a growing market for automobile and allied industries, which plays a pivotal role within the large-scale manufacturing sector in raising economic growth. Being the “mother of all industries”, it’s rise lends growth to many ancillary industries and creates employment opportunities.

In the last couple of decades, the automobile industry has continued to thrive with consistent growth, backed by low inflation & interest rates, higher consumer lending and exciting new models. The total production of sedan cars crossed 160,000 mark. High demand of all makes & models has caused production levels to rise and currently, all OEMs are operating at full capacity.

The Auto Industry Development Policy (AIDP) and growth potential of the Pakistani automobile market have sufficiently attracted Chinese, Korean and French companies to announce their entry plans to Pakistan. The Pakistan automobile market is a growing market for manufacturers from China, Japan, Korea, France, Germany and Italy.

COMPANY OPERATIONS

During the year under review ended March 2018, the company production increased by 45.2% to 50,177 units against 34,560 units of last year; whereas sales improved by 41.6% to 50,100 units against 35,381 units of last year. The Honda Civic continued to enjoy the premium place in its category and registered growth of 28.9%, having sold 20,092 units against 15,992 units in last year. Honda City marked growth of 5.9% and 20,866 units were sold against 19,712 units in 2016-17. The BR-V provided more variety to our customers and 9,098 units were sold in its maiden year.

NEW MODEL

April saw the launch of the attractive all-new Honda BR-V, the first locally produced mid-sized SUV powered by 1.5 liter i-VTEC engine equipped with new continuously variable transmission (CVT) developed under Honda’s Earth Dream Technology. The projector headlights with LED position lamp, LED tail lights and sporty roof rails are standard in both variants. The interior is a spacious cabin, with 3-row seating configuration, and comfortably seats 7 passengers that can be adjusted for multiple transport, haulage and cargo needs. Both variants offer rear air-conditioning system with independent controls located between first & second row seats to expand air flow.

At Honda Safety of passenger being foremost concern, the BR-V is built with Honda’s G-force Control (G-CON) collision safety body engineering that dissipates crash G-forces, dispersing them away from vehicle occupants on impact. Driver side SRS Airbags, Anti-Lock Braking System (ABS), Electronic Brake Force Distribution (EBD) and Speed Sensing Auto Door Lock are standard features for both variants.

An encouraging customers’ response saw a sale of more than 9,000 units of the new BR-V since its launch. This new model has further strengthened our market position and provided our customers a wider range of product choices.

INCREASE IN PRICES

Since the start of the year, as trade deficit widened and forex reserves declined, there has been mounting pressure on exchange rate parity. In December last year, the State bank devalued the Pak rupee by 5.4% and further 4.8% in March 2018. The cost-push due to devaluation of more than 10% coupled with inflation was unsustainable. Therefore, the company increased retail price of Honda Civic and Honda City by Rs 150,000 to Rs 160,000 on different variants, whereas price of Honda BR-V was increased by Rs 20,000.

INCREASE IN PRODUCTION

To meet a consistently high demand of our products, the company has been gradually increasing production capacity in different phases. In December last year, the daily production was further enhanced and over last one & half year, the production has been doubled. Now, the company is operating at full installed capacity of 50,000 units per year. Further, the company is working extra hours and adding more days in its production plan to meet next year’s production targets.
25th Anniversary Celebrations
In February 2018, the company celebrated its 25 years of operations in Pakistan automobile industry. A modest start was made in 1994 when 8-10 cars were produced daily after launch of 5th generation of Honda Civic in 1994. The company earned profit in first year and declared dividend in the first full year of operations. Since then, ten new models of Honda Civic, Honda City and BRV with exciting features, stylish design and best quality & safety technology have been introduced by the company, which has changed the landscape of Pakistan automobile industry. Till March 2018, the company has served more than 370,000 satisfied customers, who have been using Honda cars in Pakistan for last 25 years!

20 Years of Excellence of Honda City
The company started production of Honda City in 1300cc category in Jan 1997, which has since been its top selling product, having produced & sold around 200,000 units in Pakistan till the beginning of April 2017. Over the period, the model has been upgraded to provide maximum satisfaction to the customers thus establishing itself as a first choice of sedan-buyers.

Best Quality Award
The company has implemented the concept of “Next process is my Customer” in all production and allied departments to develop the approach of providing best to our next processes. In recognition of these efforts, Honda Motor, Japan, conferred the company with the Gold Award in the category of Best Quality. The award ceremony is an annual event organized by Honda Motor, Japan in order to acknowledge the highest standards of quality. Eight Asian Honda ATAI countries participated in the competition including Pakistan, India, Indonesia, Malaysia, Taiwan, Thailand, Vietnam, and Philippines.

FINANCIALS RESULTS
The company crossed gross sales value of Rs 108 billion in FY18 for the first time in its history. Net sales revenue after subtracting sales tax, commission to dealers and discount to customers grew by 45.7% to Rs 91,522.87 million for the year against Rs 62,802.75 million in FY17. Cost of sales increased to Rs 81,703.78 million against Rs 53,681.06 million. Gross profit increased by 14.5% to Rs 10,449.09 million against Rs 9,121.69 million. GP margin reduced to 11.42% mainly due to impact of exchange rate fluctuation in the later period of the year. The Rupee was devalued more than 10% in last two quarters, in two steps which had significant impact on the profitability. Though the company increased price of its models to cover the cost increase, however the entire impact could not be passed on to the customers. The Selling & Administrative expenses were increased to Rs 1,594.50 million due to increase in manpower & dealers’ sales incentives to achieve the record sales target.

Other income increased to Rs 1,883.02 million against Rs 1,115.19 million, showing a growth of 68.9% due to gain on short term investments and return on bank deposits. The financial & other charges also increased to Rs 1,259.04 million as compared to Rs 560.96 million in FY17 which included 34.9% higher provision for Workers Profit Participation and Workers Welfare Funds. The company earned a record profit before tax for the year at Rs 9,478.56 million against Rs 8,636.32 million. After necessary tax provisions, the net profit was Rs 6,494.45 million as compared to Rs 6,134.99 million of last year – highest in twenty-five years of operations. The earnings per shares improved to Rs 45.48 against Rs 42.96 in the last year.

Following the requirements of Auto Industry Development Policy (AIDP), the company has paid a discount for Rs 1,047.99 million to those customers whom the car was delivered after two months.

The company contributed Rs 33.91 billion towards government revenue during the year under review on account of sales tax, custom duty, income tax and other government levies. The company also received first position accolade from Custom Authorities, being the highest tax paying company in its category in the Punjab Region. So far the company has paid Rs 175.61 billion taxes towards national exchequer.
INVESTMENT
The company has invested Rs 1,246 million this year. This was used mainly for capacity building & expansion of warehouses, construction of new Plastic Injection Shop, with installation of new 3550 tons machine and expansion in Paint shop to remove bottlenecks for maximizing production. The investment will improve our capacity to stock more CKD & parts for growing production requirements and manufacturing of in-house plastic parts for enhancing localization merit.

VENDORS CONFERENCE
A vendor conference was held in Oct 2017 to highlight current & future localization strategy, ongoing Honda Good practices, environment improvement activities & implementation of Honda Quality culture at vendors’ facilities. With the company stepping ahead and focusing on localization of functional & high tech parts, an expansion of localization in near future was also chalked out where the company will make efforts to enhance and transfer knowledge and expertise to local vendors. Various awards were distributed amongst vendors on the basis of Quality, Cost Delivery, Management, System & Safety (QCDMS).

TRAINING & DEVELOPMENT
The company has increased focus on training & development to get a competitive advantage in the market. To this end it has developed a cross-functional training & development plan for middle and top management. During the year, the first batch of 27 associates attended one-year Diploma in Business Management (DBM) in alliance with Forman Christian College University, Lahore. The batch included associates from production, operations and offices department to improve their knowledge base and enhance understanding of integrated business functions. Another batch of three associates attended one-year DBM from Institute of Business Administration (IBA), Karachi.

In another initiative, the company started sending its top management associates abroad to attend advanced business & technical training programs organized by subsidiary companies of Honda Motor, Japan and Overseas Human Resources and Industry Development Association (HIDA), Japan. During the year, six associates attended different trainings at HIDA covering Corporate Management, Logistics, Quality, Production Management, Human Resources and Leadership development programs. Apart from that, a number of associates were sent on open enrollment training program and attended in-house & customized training sessions for personnel development.

Lastly, two associates were enrolled to Lahore University of Management Sciences (LUMS) to attend two years MBA program to develop the future leaders.

CHANGES IN THE BOARD
On April 1, 2017, Mr. Kazuhisa Hirota was replaced by Mr. Akira Murayama after the routine global transfers of Honda Motor, Japan. On July 1, 2017, Mr. Nadeem Arshad Elahi resigned from the Board and the vacancy was filled by Ms. Mashmoona Zehra Majeed. On November 1, 2017, the previous President and Chief Executive Officer – Mr. Toichi Ishiyama returned back after serving the company for more than two & half years. Mr. Ishiyama joined the position in Mar 2015 and has been succeeded by Mr. Hironobu Yoshimura, the new President & CEO.

In January 2018, Mr. Shigeru Yamazaki was moved to his new assignment and Mr. Satoshi Suzuki succeeded him on the Board. The Board acknowledges the valuable contributions made by the outgoing members and welcome the new members on the Board.

FUTURE OUTLOOK
The current progress shows that Pakistan’s economy is well poised to maintain growth. However, in order to achieve virtuous equilibrium of high growth and controlled inflation, there is an urgent need to address long standing structural reforms in the fiscal and external sectors. Given the huge current account deficit along with size of maturing loans, it is imperative for the government to ensure that estimated official inflows are realized. Going forward, well-targeted diplomatic exchange with global community, monetary tightening, stronger fiscal discipline and decisive efforts to contain losses in public enterprises would help to address these concerns. Besides, progress on CPEC will continue to provide impetus to the economy. On the other hand, an upbeat industrial and agricultural outlook is going to have a positive spillover effect on the overall economy.

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If the economy regains its balance post general elections, fundamentals are strong enough to push it towards a high growth path, and this would keep the current growth momentum of automobile industry. However, continuous depreciation of Pak Rupee and rising material prices may keep a check on this growth movement.

With sights set on sustained and qualitative long term growth, the company strives for the best use of resources and optimum operational excellence leading to significant value creation for the stakeholders. After achieving record milestone in 2018, the company is challenged to make it even better next year. The best quality & stylish design is our strength and we will keep this progress with the help of our dedicated workforce & customer confidence in our product.

(God bless the blissful)

ACKNOWLEDGEMENT
I would like to thank to our valued customers for their continued support and believe in our products. I would also like to congratulate Mr. Hironobu Yoshimura and his team for achieving remarkable results for the year. I also thank our dealers, vendors, bankers, government institutions, shareholders and Honda Motors – Atlas Group for their continued support. I wish the company all the success in the coming years.

Date: May 15, 2018

Yusuf H. Shirazi
Chairman
Financial key results for the year are as follows:

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<th>Year ended March 31, 2018</th>
<th>Year ended March 31, 2017</th>
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<tr>
<td>Profit before tax for the year</td>
<td>9,478.57</td>
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<td>Taxation</td>
<td>(2,984.12)</td>
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<td>Other comprehensive loss for the year - Net</td>
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<td>Un-appropriated profit</td>
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**Appropriations:**

- Transfer to general reserves: [2,600.00]
- Additional dividend 41.8% (2017: Nil) [576.90]
- Proposed dividend 227.5% (2017: 130%) [3,248.70]

Total Appropriations: (6,445.60) - (6,056.40)

Earning per share – basic and diluted (Rupees): 45.48 - 42.96

* The Board of Directors has proposed these appropriations, which are not reflected in the financial statements in compliance with the requirements of the Companies Act 2017.

**FINANCIALS**

The company earned yet another record net profit of Rs 6,494.45 million for the year, improved by 5.9% against Rs 6,134.99 million in the last year. Earnings per share grow to Rs 45.48 against Rs 42.96 of last year.

**DIVIDEND**

We position shareholders’ return as one of our most important management responsibilities. However, at the same time, we give due consideration to other business aspects like future growth needs, strengthening the balance sheet and building reserves for unexpected business situations. Therefore, the Board of Directors have recommended 227.5% (Rs 22.75 per share) dividend for the year ended March 31, 2018, which turnover payout ratio of 50%.
CSR ACTIVITIES

We strive to be a “company that society wants to exist” by undertaking various initiatives to provide appealing products & services that bring joy to the customers & Community in all aspects of our businesses.

The company has made contributions to the local community for developing and improving health, education and infrastructure. During the year, the company took following initiatives for community development:

- Renovation of local schools
  One of the schools at Manga Mandi was restructured during the year. The building of Girls Primary school was at risk due to wear & tear over the period and needed immediate repair. The company restructured the building after demolishing a part of it and also added basic amenities in the structure. Another school at Sunder area was renovated by improving the facilities for the students.

- Free Medical Camps
  The company started this initiative about four years ago and since then, consistently holds free medical camps in the different villages surrounding the factory. During the year, the company arranged six medical camps at Manga Mandi, Talab Saraie, Village Bhat, Sunder and Kot Asadullah. The company doctor and supporting lady doctor provide free medical advice and medicines to the patients. The people living in these areas are daily wagers, farmers and contract workers who seldom have access to quality medical facilities. Now a large number of patients visit these camps. Last year a total of 3,827 patients were given free medical treatment. Since starting this initiative, more than 11,000 patients have benefited from these camps.

- Safe Driving Trainings
  The company arranged regular traffic safety education & training sessions in liaison with our associated company. Training sessions are also arranged for company-coaster drivers & associates. It has been particularly helpful for the company to reduce accidents since the beginning of such safety trainings.

- Clean Drinking Water
  Availability of clean drinking water has been a major concern for the rural areas. The available water sources are mostly contaminated which cause a number of diseases. The government schools in Manga Mandi & its surrounding areas suffer from scarcity of clean drinking water and students have to rely on unclean water exposing them to chronic diseases. During last year, the company installed clean drinking water pumps in three different schools in Manga Mandi & Sunder. Deep-bored water pumps & water reservoir were installed to provide clean drinking water for children.

- Code of Conduct
  The company has formulated a risk management structure based on the Global Risk Management Policy issued by Honda Motor, Japan, with the aim of driving the company’s sustainable growth and stabilizing management by anticipating & mitigating risk swiftly.

  In order to address business-related risk, the Risk Management Policy details role for each department which is responsible for taking appropriate measures and promoting its own independent risk management activities. Further, for evaluating potential risk in terms of impact and frequency, a Global Emergency Headquarters was established to provide a response to incidents proportionate to the anticipated magnitude of impact.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- The financial statements for the year ended March 31, 2018 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, 2018 and accounting estimates are based on reasonable and prudent judgment;
- The systems of internal control are sound in design and have been effectively implemented and monitored;
- There are no 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 value of investments held by Employees Provident Fund and Employees Gratuity Fund as on March 31, 2018 were Rs. 457.99 million and Rs. 380.92 million respectively.

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

The new Code of Corporate Governance has marked a number of changes to bring local companies governance in line with the global norms. The company have taken initiatives to implement amendments in the new Code. The representation of independent directors has been linked with the restructuring of the Board at the time of election of Directors. The remuneration policy for Board of Directors (for Executive, Non-Executive & Independent Directors) have been prepared. The Board lays great emphasis on adding and practicing good Corporate Governance, with a view to achieve transparency in its operations, so as to boost stakeholders’ confidence. The objective of this Policy is to ensure that the Executive & Non-executive Directors’ are governed by comprehensive compensation criteria, that is based on their merits and valuable contribution towards the strategic guidance and success of the Company.

THE BOARD OF DIRECTORS

The existing term of company directors expired on 1st May 2018 and the shareholders in an Extra Ordinary General Meeting held on 26th April 2018 elected the new directors. The restructuring of the Board, as per requirement of the Code has been approved.

The Board of Directors is composed of nine members, with statutory representation of different category of directors, which includes...
Audit Committee
Audit Committee comprises of five non-executive directors, including one independent director.

During the year, Audit Committee held four meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports, compliance with the best practices of the Corporate Governance requirements and other associated business matters. These meetings included meeting with external auditors before and after completion of audit for the year ended March 31, 2018 and other statutory meetings as required by the Code.

During the year, four meetings of the Audit Committee were held. The detail of attendance was as under:

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Name of Director</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Aamir H. Shirazi</td>
<td>4</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Naeem Khan</td>
<td>4</td>
</tr>
<tr>
<td>3.</td>
<td>Mr. Akira Murayama</td>
<td>3</td>
</tr>
<tr>
<td>4.</td>
<td>Mr. Shigeru Yamazaki</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Mr. Nadeem Arshad Elahi</td>
<td>1</td>
</tr>
<tr>
<td>6.</td>
<td>Ms. Mashmoona Zehra Majeed (replaced Mr. Nadeem)</td>
<td>3</td>
</tr>
</tbody>
</table>

Leaves of absence were granted to the members not attending the meetings.

Share Transfer
During the year, 525 shares each were transferred by Mr. Kazuhisa Hirota & Mr. Toichi Ishiyama and 500 shares by Mr. Shigeru Yamazaki in the name of Mr. Akira Murayama, Mr. Hironobu Yoshimura and Mr. Satoshi Suzuki respectively to fulfill the requirement of qualification shares.

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

Human Resource & Remuneration Committee
The Board has formed a Human Resource & Remuneration Committee (HR&RC) which consist of five members. Chairman of the HR&RC Committee is a Non-Executive director. Last year, the Committee held one meeting to discuss & approve the matters falling under the terms of reference of the Committee.

Chairman’s Review
The accompanied Chairman’s review deals with the performance of the company for the year ended March 31, 2018 and future outlook. The directors 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 Listed Companies (Code of Corporate Governance) Regulations, 2017. A statement to this effect is annexed with this report.

Pattern of Shareholding
The pattern of shareholding as on March 31, 2018 and its disclosure is annexed with this report.

Auditors
The present auditors Messer’s A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment for the year ending March 31, 2019. Their reappointment has been recommended by the Audit Committee.

For and on behalf of
The Board of Directors

Hiro nobu Yoshimura
President/CEO
Karachi, May 15, 2018
FOR THE YEAR ENDED MARCH 31, 2018
WITH THE CODE OF CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED MARCH 31, 2018

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19. of listing regulations of Pakistan Stock Exchange (‘the Code’) for the period from April 1, 2017 to December 31, 2017 and the requirements of the Listed Companies [Code of Corporate Governance] Regulations, 2017 (‘the Regulations’) for the period from January 1, 2018 to March 31, 2018 for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the Code and the Regulations in the following manner:

1. The total number of directors are 9 as per the following:
   a. Male 8
   b. Female 1

2. The Company encourages the representation of independent non-executive directors on its Board of Directors (the ’Board’). At present, the Board includes:

   Sr No  | Category                | Names                          |
   ------|------------------------|--------------------------------|
   1     | Executive Directors    | Mr. Hironobu Yoshimura         |
   2     |                        | Mr. Kenichi Matsu              |
   3     | Non-Executive Directors| Mr. Yusuf H. Shirazi           |
   4     |                        | Mr. Aamir H. Shirazi           |
   5     |                        | Mr. Muhammad Naem Khan         |
   6     |                        | Mr. Akira Murayama             |
   7     |                        | Mr. Satoshi Suzuki             |
   8     |                        | Mr. Yasutaka Uda               |
   9     | Independent Director   | Ms. Mashmooma Zehra Majeed     |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (‘the Act’), the Code and the Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act, the Code and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act, the Code and the Regulations.

9. During the year, no Directors’ Training Program was arranged for the directors.

10. During the year, there was no change in the position of Chief Financial Officer (‘CFO’), Company Secretary and Head of Internal Audit.

11. CFO and Chief Executive Officer (‘CEO’) duly endorsed the financial statements before approval of the Board.

12. The Board has formed Committees comprising of members given below:

   Audit Committee
   1. Mr. Aamir H. Shirazi Chairman
   2. Mr. Akira Murayama
   3. Mr. Muhammad Naem Khan
   4. Ms. Mashmooma Zehra Majeed
   5. Mr. Satoshi Suzuki

   Human Resource & Remuneration Committee
   1. Mr. Aamir H. Shirazi Chairman
   2. Mr. Hironobu Yoshimura
   3. Mr. Kenichi Matsu
   4. Mr. Akira Murayama
   5. Mr. Muhammad Naem Khan

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
   - Audit Committee  4 meetings
   - Human Resource & Remuneration Committee 1 meeting

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (‘ICAP’) and registered with the Audit Oversight Board 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 the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Code, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. 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 NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

19. Four casual vacancies occurred on the Board from April 1, 2017 to March 31, 2018 and were filled up by the Directors within the prescribed number of days.

20. The directors’ report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.

21. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

22. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.

23. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company’s securities, was determined and intimated to directors, employees and Pakistan Stock Exchange.

24. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.

25. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of persons from said list.

26. We confirm that all other requirements of the Code and the Regulations have been complied with.

Chairman
Lahore, May 03, 2018
AUDITORS’ REVIEW REPORT TO THE MEMBERS
ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the ‘Code’) prepared by the Board of Directors of Honda Atlas Cars (Pakistan) Limited (the ‘Company’) for the year ended March 31, 2018, to comply with the requirements of Clause No. 5.19 of the Regulations of the Pakistan Stock Exchange Limited where the Company is listed, for the period from April 1, 2017 to December 31, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2017 for the period from January 1, 2018 to March 31, 2018.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended March 31, 2018.

A. F. FERGUSON & CO.
Chartered Accountants
Lahore: May 15, 2018

Engagement Partner: Khurram Akbar Khan
**REVENUE APPLICATION**

**Rupees in thousand**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross sales</td>
<td>109,329,575</td>
<td>75,086,840</td>
</tr>
<tr>
<td>Other income</td>
<td>1,883,025</td>
<td>1,115,189</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>111,212,600</td>
<td>86,202,029</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>APPLICATION</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>68,318,797</td>
<td>45,254,569</td>
</tr>
<tr>
<td>(excluding employees' remuneration and government levies)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,539,234</td>
<td>628,509</td>
</tr>
<tr>
<td>(excluding employees' remuneration)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dealers' commission</td>
<td>1,889,533</td>
<td>1,443,681</td>
</tr>
<tr>
<td>Financial charges</td>
<td>14,476</td>
<td>23,443</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,443,243</td>
<td>2,095,633</td>
</tr>
</tbody>
</table>

| **Employees**  |            |            |
| Workers' profit participation fund | 508,080 | 457,137 |
| Employees' remuneration | 1,969,826 | 1,486,796 |
| **Total**       | 2,477,906  | 1,943,933  |

| **Government** |            |            |
|Workers' welfare fund | 174,952 | 49,285 |
|Sales tax | 15,917,170 | 10,840,406 |
|Custom duties | 11,434,466 | 7,393,370 |
|Income tax | 2,984,117 | 2,501,335 |
|**Total**       | 3,159,069  | 2,550,620  |

| **Shareholders**|            |            |
|Dividend | 3,845,604 | 1,856,400 |

| **Retained in Business** |            |            |
|Profit retained | 2,616,345 | 4,247,099 |
|**Total**       | 12,098,924 | 10,618,051 |

**Percentage**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product cost</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>Other costs</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Employees</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Shareholders</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Profit retained</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

**VALUE ADDED AND ITS DISTRIBUTION**

**Rupees in thousand**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VALUE ADDED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>91,522,872</td>
<td>62,802,753</td>
</tr>
<tr>
<td>Other income</td>
<td>1,883,025</td>
<td>1,115,189</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(79,753,263)</td>
<td>(52,647,931)</td>
</tr>
<tr>
<td>(excluding employees' remuneration)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,539,234)</td>
<td>(628,509)</td>
</tr>
<tr>
<td>(excluding employees' remuneration)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance cost</td>
<td>(14,476)</td>
<td>(23,443)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,098,924</td>
<td>10,618,051</td>
</tr>
</tbody>
</table>

| **DISTRIBUTION** |            |            |
|To Government    |            |            |
|Workers' welfare fund | 174,952 | 49,285 |
|Income tax | 2,984,117 | 2,501,335 |
|**Total**       | 3,159,069  | 2,550,620  |

|To Employees    |            |            |
|Workers' profit participation fund | 508,080 | 457,137 |
|Employees' remuneration | 1,969,826 | 1,486,796 |
|**Total**       | 2,477,906  | 1,943,933  |

|To Shareholders |            |            |
|Dividend | 3,845,604 | 1,856,400 |

|Retained In Business |            |            |
|Profit retained | 2,616,345 | 4,247,099 |
|**Total**       | 12,098,924 | 10,618,051 |

**Percentage**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product cost</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>Other costs</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Employees</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Government</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Shareholders</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Profit retained</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
FINANCIAL HIGHLIGHTS

2018  | 2017  | 2016  | 2015
---|---|---|---
Sales (Rs in million) | 91,523 | 83,500 | 74,354 | 67,142
Profit / (loss) (Rs in million) | 3,476 | 3,423 | 3,385 | 3,347
Profit / (loss) before tax (Rs in million) | 4,300 | 4,240 | 4,200 | 4,160
Proposed dividend (Rs in million) | 3,366 | 3,316 | 3,266 | 3,216
Total liabilities to equity | 1.03 | 1.03 | 1.03 | 1.03
Total assets turnover | 3.6 | 3.6 | 3.6 | 3.6

STATEMENT OF FINANCIAL POSITION

Share capital (Rs in million) | 1,428 | 1,428 | 1,428 | 1,428
Shareholders’ equity (Rs in million) | 17,073 | 16,073 | 15,073 | 14,073
Capital expenditure (Rs in million) | 1,806 | 1,806 | 1,806 | 1,806
Fixed assets - net (Rs in million) | 3,931 | 3,931 | 3,931 | 3,931
Share ownership | 100% | 100% | 100% | 100%

SIGNIFICANT RATIOS

Profitability Gross profit / (loss) margin (1) | 11.6 | 11.6 | 11.6 | 11.6
Profit / (loss) before tax | 10.36 | 10.36 | 10.36 | 10.36
Profit / (loss) after tax | 7.1 | 7.1 | 7.1 | 7.1

Liquidity

Current ratio Times | 1.3 | 1.3 | 1.3 | 1.3
Quick ratio Times | 1.1 | 1.1 | 1.1 | 1.1

Activity

Total assets turnover | 1.6 | 1.6 | 1.6 | 1.6
Fixed assets turnover | 17.0 | 17.0 | 17.0 | 17.0
Interest cover (BT) | 65.8 | 65.8 | 65.8 | 65.8
Interest cover (AT) | 49.4 | 49.4 | 49.4 | 49.4

Earning

Return on capital employed % | 63.1 | 63.1 | 63.1 | 63.1
Return on equity (BT) | 62.9 | 62.9 | 62.9 | 62.9
Return on equity (AT) | 63.1 | 63.1 | 63.1 | 63.1
Earning / (loss) per share (BT) | 66.4 | 66.4 | 66.4 | 66.4
Earning / (loss) per share (AT) | 65.5 | 65.5 | 65.5 | 65.5
Price earning ratio (AT) Times | 10.5 | 10.5 | 10.5 | 10.5

OTHER INFORMATION

Break up value per share Rs | 120 | 120 | 120 | 120
Contribution to national exchequer (Rs in million) | 33,913 | 33,913 | 33,913 | 33,913
Units produced | 50,177 | 50,177 | 50,177 | 50,177
Units sold | 50,177 | 50,177 | 50,177 | 50,177
Manpower (permanent+contractual) Nos | 2,280 | 2,033 | 1,986 | 1,939

Exchange rates at year end date

Rs to $ | 106 | 116 | 123 | 130
Rs to ¥ | 110.46 | 110.46 | 110.46 | 110.46

Auditors’ Report

Notice of Meeting / Reports

ANNUAL REPORT 2018 EXPLORING NEW DIMENSIONS OF PROGRESS
### HORIZONTAL ANALYSIS

**STATEMENT OF FINANCIAL POSITION**

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid up capital: 5,428,800
- Preference share capital: 7,950,000
- Unappropriated profit / (loss): 5,197,392

**FINANCE COST**
- Short term investments: 4,991,899
- Other operating expenses: 3,782

**CURRENT LIABILITIES**
- Determined liability - Current: 93,385
- Determined liability - Non-current: 5,185,873
- Deferred taxation: 5,247,359

**NON-CURRENT LIABILITIES**
- Current portion of deferred revenue: 3,767,081
- Other operating income: 138,779
- Sales: 51,497,034

**NON-CURRENT ASSETS**
- Issued, subscribed and paid up capital: 39,406,232
- Stores and spares: 5,523,796

**EQUITY AND LIABILITIES**
- EQUITY AND LIABILITIES: 18,659,768
- Deferred taxation: 139,777

**STATEMENT OF FINANCIAL POSITION**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid up capital: 1,420,928
- Preference share capital: 1,420,928
- Unappropriated profit / (loss): 5,974,075

**FINANCE COST**
- Short term investments: 6,128,000
- Other operating expenses: 6,128,000

**CURRENT LIABILITIES**
- Determined liability - Current: 12,400
- Determined liability - Non-current: 14,873,964
- Deferred taxation: 1,428,000

**NON-CURRENT LIABILITIES**
- Current portion of deferred revenue: 3,159,723
- Other operating income: 138,779
- Sales: 51,497,034

**NON-CURRENT ASSETS**
- Issued, subscribed and paid up capital: 39,406,232
- Stores and spares: 5,523,796

**EQUITY AND LIABILITIES**
- EQUITY AND LIABILITIES: 18,659,768
- Deferred taxation: 139,777

### VERTICAL ANALYSIS

**STATEMENT OF FINANCIAL POSITION**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid up capital: 1,420,928
- Preference share capital: 1,420,928
- Unappropriated profit / (loss): 5,974,075

**FINANCE COST**
- Short term investments: 6,128,000
- Other operating expenses: 6,128,000

**CURRENT LIABILITIES**
- Determined liability - Current: 12,400
- Determined liability - Non-current: 14,873,964
- Deferred taxation: 1,428,000

**NON-CURRENT LIABILITIES**
- Current portion of deferred revenue: 3,159,723
- Other operating income: 138,779
- Sales: 51,497,034

**NON-CURRENT ASSETS**
- Issued, subscribed and paid up capital: 39,406,232
- Stores and spares: 5,523,796

**EQUITY AND LIABILITIES**
- EQUITY AND LIABILITIES: 18,659,768
- Deferred taxation: 139,777

### PROFIT AND LOSS ACCOUNT

**Sales**
- Sales: 5,927,595
- Distribution and marketing expenses: 3,782

**Cost of sales**
- Cost of sales: 2,459,043

**Profit from operations**
- Profit from operations: 3,468,552

**Finance cost**
- Finance cost: 164,671

**Profit before taxation**
- Profit before taxation: 1,217,587

**Taxation**
- Taxation: 139,777

**Profit after taxation**
- Profit after taxation: 1,077,810

**FINANCIAL ANALYSIS**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid up capital: 5,428,800
- Preference share capital: 7,950,000
- Unappropriated profit / (loss): 5,197,392

**FINANCE COST**
- Short term investments: 4,991,899
- Other operating expenses: 3,782

**CURRENT LIABILITIES**
- Determined liability - Current: 93,385
- Determined liability - Non-current: 5,185,873
- Deferred taxation: 5,247,359

**NON-CURRENT LIABILITIES**
- Current portion of deferred revenue: 3,767,081
- Other operating income: 138,779
- Sales: 51,497,034

**NON-CURRENT ASSETS**
- Issued, subscribed and paid up capital: 39,406,232
- Stores and spares: 5,523,796

**EQUITY AND LIABILITIES**
- EQUITY AND LIABILITIES: 18,659,768
- Deferred taxation: 139,777

**STATEMENT OF FINANCIAL POSITION**

**SHARE CAPITAL AND RESERVES**
- Issued, subscribed and paid up capital: 1,420,928
- Preference share capital: 1,420,928
- Unappropriated profit / (loss): 5,974,075

**FINANCE COST**
- Short term investments: 6,128,000
- Other operating expenses: 6,128,000

**CURRENT LIABILITIES**
- Determined liability - Current: 12,400
- Determined liability - Non-current: 14,873,964
- Deferred taxation: 1,428,000

**NON-CURRENT LIABILITIES**
- Current portion of deferred revenue: 3,159,723
- Other operating income: 138,779
- Sales: 51,497,034

**NON-CURRENT ASSETS**
- Issued, subscribed and paid up capital: 39,406,232
- Stores and spares: 5,523,796

**EQUITY AND LIABILITIES**
- EQUITY AND LIABILITIES: 18,659,768
- Deferred taxation: 139,777

### MANAGEMENT / COMPANY’S STRUCTURE

ANNUAL REPORT 2018 EXPLORING NEW DIMENSIONS OF PROGRESS

### AUTHORS’ REPORT/ Financial Statements

REPORTS
FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

AUDITORS’ REPORT TO THE MEMBERS

We have audited the annexed statements of financial position of Honda Atlas Cars (Pakistan) Limited (the ‘Company’) as at March 31, 2018 and the related profit and loss account, statements of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company’s management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Act, 2017. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards 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.

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Act, 2017;

(b) in our opinion:

(i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Act, 2017, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
(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 statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Act, 2017, in the manner as required and respectively give a true and fair view of the state of the Company’s affairs as at March 31, 2018 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (No. 09 of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.
Chartered Accountants
Lahore: May 15, 2018

Engagement Partner: Khuram Akbar Khan
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SHARE CAPITAL AND RESERVES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authorized share capital</td>
<td>200,000,000 (2017: 200,000,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ordinary shares of Rs 10 each</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Issued, subscribed and paid up share capital</td>
<td>142,800,000 (2017: 142,800,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ordinary shares of Rs 10 each</td>
<td>1,428,000</td>
<td>1,428,000</td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>9,706,000</td>
<td>5,506,000</td>
<td></td>
</tr>
<tr>
<td>Un-appropriated profit</td>
<td>5,939,492</td>
<td>6,130,847</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>17,073,942</td>
<td>13,084,047</td>
<td></td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred liability</td>
<td>93,385</td>
<td>41,465</td>
<td></td>
</tr>
<tr>
<td>Deferred taxation</td>
<td>433,591</td>
<td>347,144</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>12,838</td>
<td>10,862</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td>539,816</td>
<td>659,461</td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of deferred revenue</td>
<td>3,026</td>
<td>4,480</td>
<td></td>
</tr>
<tr>
<td>Short term borrowings - secured</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Accrued mark up</td>
<td>782</td>
<td>14,218</td>
<td></td>
</tr>
<tr>
<td>Income tax payable</td>
<td>-</td>
<td>305,124</td>
<td></td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>22,600</td>
<td>14,582</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>41,169,065</td>
<td>37,654,150</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>41,195,473</td>
<td>37,992,556</td>
<td></td>
</tr>
<tr>
<td><strong>CONTINGENCIES AND COMMITMENTS</strong></td>
<td>58,808,779</td>
<td>51,479,034</td>
<td></td>
</tr>
</tbody>
</table>

The annexed notes 1 to 44 form an integral part of these financial statements.
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>23</td>
<td>91,522,872</td>
<td>62,802,753</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>24</td>
<td>(81,073,777)</td>
<td>(53,681,061)</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>10,449,095</td>
<td>9,121,692</td>
</tr>
<tr>
<td>Distribution and marketing costs</td>
<td>25</td>
<td>(916,906)</td>
<td>(542,321)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>26</td>
<td>(677,602)</td>
<td>(497,269)</td>
</tr>
<tr>
<td>Other income</td>
<td>27</td>
<td>1,883,025</td>
<td>1,115,189</td>
</tr>
<tr>
<td>Other expenses</td>
<td>28</td>
<td>(1,246,569)</td>
<td>(597,523)</td>
</tr>
<tr>
<td>Profit from operations</td>
<td></td>
<td>9,493,043</td>
<td>8,659,748</td>
</tr>
<tr>
<td>Finance cost</td>
<td>29</td>
<td>(14,474)</td>
<td>(23,443)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td></td>
<td>9,478,569</td>
<td>8,636,305</td>
</tr>
<tr>
<td>Taxation</td>
<td>30</td>
<td>(2,984,117)</td>
<td>(2,501,335)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>6,494,450</td>
<td>6,134,990</td>
</tr>
</tbody>
</table>

Earnings per share - basic and diluted (Rupees)

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>45.48</td>
<td>42.96</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 44 form an integral part of these financial statements.

Yusuf H. Shirazi
Chairman

Hironobu Yoshimura
Chief Executive

Mr. Ahmad Umair Wajid
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2018

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td></td>
<td>6,494,450</td>
<td>6,134,990</td>
</tr>
<tr>
<td>Other comprehensive (loss) / income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be reclassified subsequently to profit or loss</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be subsequently reclassified to profit or loss:</td>
<td>7.6</td>
<td>(46,429)</td>
<td>(16,655)</td>
</tr>
<tr>
<td>Remeasurement loss on net defined benefit liability</td>
<td>8</td>
<td>13,928</td>
<td>5,163</td>
</tr>
<tr>
<td>Income tax on remeasurement loss on net defined benefit liability</td>
<td></td>
<td>(32,501)</td>
<td>(11,492)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td></td>
<td>6,461,949</td>
<td>6,123,498</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 44 form an integral part of these financial statements.

Yusuf H. Shirazi
Chairman

Hironobu Yoshimura
Chief Executive

Mr. Ahmad Umair Wajid
Chief Financial Officer
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2018

Rupess in thousand

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>31</td>
<td>10,064,905</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>(9)</td>
<td>(574)</td>
</tr>
<tr>
<td>Employees’ retirement benefits and other obligations paid</td>
<td>(104,729)</td>
<td>(116,300)</td>
</tr>
<tr>
<td>Net increase in loans to employees</td>
<td>(126,198)</td>
<td>(35,989)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(3,825,971)</td>
<td>(1,970,541)</td>
</tr>
<tr>
<td>Royalty paid</td>
<td>(2,029,241)</td>
<td>(745,859)</td>
</tr>
<tr>
<td>Increase in deferred revenue</td>
<td>5,279</td>
<td>6,487</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>3,989,036</td>
<td>25,192,051</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(1,244,145)</td>
<td>(1,526,330)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(21,717)</td>
<td>(172,821)</td>
</tr>
<tr>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>40,392</td>
<td>81,608</td>
</tr>
<tr>
<td>Proceeds from disposal of short term investments</td>
<td>4,230,454</td>
<td>4,755,563</td>
</tr>
<tr>
<td>Realised gain on short term investments</td>
<td>240,606</td>
<td>13,623</td>
</tr>
<tr>
<td>Proceeds from disposal of short term investments</td>
<td>-</td>
<td>250,000</td>
</tr>
<tr>
<td>Interest received</td>
<td>-</td>
<td>617,331</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(2,763,704)</td>
<td>(6,472,153)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(2,445,286)</td>
<td>(995,796)</td>
</tr>
<tr>
<td>Net cash outflow from financing activities</td>
<td>(2,445,286)</td>
<td>(995,796)</td>
</tr>
<tr>
<td>Net (decrease) / increase in cash and cash equivalents</td>
<td>(1,239,956)</td>
<td>18,704,103</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>25,412,597</td>
<td>6,708,494</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>32,772,643</td>
<td>25,412,597</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 44 form an integral part of these financial statements.

Yusuf H. Shirazi
Chairman

Hironobu Yoshimura
Chief Executive

Mr. Ahmad Umair Wajid
Chief Financial Officer

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2018

Yusuf H. Shirazi
Chairman

Hironobu Yoshimura
Chief Executive

Mr. Ahmad Umair Wajid
Chief Financial Officer
1. LEGAL STATUS AND NATURE OF BUSINESS
Honda Atlas Cars (Pakistan) Limited (the ‘Company’) is a public limited company incorporated in Pakistan on November 4, 1992. The Company is a subsidiary of Honda Motor Co., Ltd., Japan. The Company’s ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1-McLeod Road, Lahore, and its manufacturing facility is located at 43 km, Multan Road, Manga Mandi, Lahore. Its principal activities are assembling and progressive manufacturing and sale of Honda vehicles and spare parts. The Company commenced commercial production from July 1994.

2. BASIS OF PREPARATION

2.1 Statement of compliance
These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

i) International Financial Reporting Standards (‘IFRS’) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Initial application of standards, amendments or interpretations to existing standards
The following amendments to existing standards have been published that are applicable to the Company’s financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year
Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on April 1, 2017 but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- International Accounting Standard (‘IAS’) 12 ‘Income taxes’ (Amendment), on recognition of deferred tax assets for unrealised losses. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The Company’s current accounting treatment is already in line with the requirements of this standard.

- IFRIC 23 ‘Uncertainty over income tax treatments’ (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’ are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that tax treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of effect on the Company’s operations and are, therefore, not detailed in these financial statements, except for the following:

- IFRS 9, ‘Financial instruments’ (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan (‘SECP’) to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, ‘Financial instruments: Recognition and measurement’. It includes requirements on the classification and measurement of financial assets and liabilities, it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.

- IFRS 15, ‘Revenue from contracts with customers’ (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, ‘Revenue’, and IAS 11, ‘Construction contracts’, and related interpretations. The Company is yet to assess the full impact of the standard.

- IFRS 16, ‘Leases’ (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, ‘Leases’ and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.

- Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement’, (effective for periods beginning on or after January 1, 2019). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment.

- IFRIC 22, ‘Foreign currency transactions and advance consideration’ (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Company’s financial statements.

- IFRIC 23, ‘Uncertainty over income tax treatments’ (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that tax treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of
assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

3. BASIS OF MEASUREMENT

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

3.2 Critical accounting estimates and judgements

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

a) Employees’ retirement benefits - Gratuity

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

b) Provision for taxation

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Employees’ retirement benefits and other service benefit obligations

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

4.1.1 Defined benefit plan

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

<table>
<thead>
<tr>
<th>Service in the Company</th>
<th>Per completed year of service</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 - 4 years and 364 days</td>
<td>Nil</td>
</tr>
<tr>
<td>5 - 9 years and 364 days</td>
<td>15 days</td>
</tr>
<tr>
<td>10 years or more</td>
<td>30 days</td>
</tr>
</tbody>
</table>

Contributions under the scheme are made to this fund on the basis of actuarial recommendation at the rate of 6.99% (2017: 6.80%) per annum of basic salary. The latest actuarial valuation for the scheme was carried out as at March 31, 2018.

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

The amount recognised in statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>9.50%</td>
<td>9.25%</td>
</tr>
<tr>
<td>Expected increase in eligible pay</td>
<td>8.50% to 14%</td>
<td>8.25% to 14%</td>
</tr>
<tr>
<td>Expected rate of return on plan assets</td>
<td>9.50%</td>
<td>9.25%</td>
</tr>
</tbody>
</table>

The expected mortality rates assumed are based on the SLIC (2001-05) mortality table.

The Company is expected to contribute Rs 44.44 million to the gratuity fund in the next year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in profit and loss account.

4.1.2 Accumulating compensated absences

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

4.1.3 Defined contribution plan

The Company operates a defined contributory provident fund for all its local permanent employees. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit and loss account when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions are made equally by the Company and the employees at the rate of 10% per annum of the basic salary plus cost of living allowance subject to completion of minimum qualifying period of service as determined under the rules of the fund.

4.2 Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current

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

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

4.3 Property, plant and equipment

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

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings on freehold land</td>
<td>5%</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>9% to 44%</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>20%</td>
</tr>
<tr>
<td>Tools and equipment</td>
<td>20%</td>
</tr>
<tr>
<td>Computers</td>
<td>35%</td>
</tr>
</tbody>
</table>

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

The assets’ residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company’s estimate of the residual values and useful lives of its property, plant and equipment as at March 31, 2018 has not required any adjustment as its impact is considered insignificant.

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

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

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

4.4 Intangible assets

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

Costs associated with maintaining intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is charged to profit or loss on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged at the annual rates given below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>License fees and drawings</td>
<td>17% to 41%</td>
</tr>
<tr>
<td>Computer software</td>
<td>20% to 32%</td>
</tr>
</tbody>
</table>

The assets’ useful lives are continually reviewed by the Company and adjusted if impact on amortisation is significant. The Company’s estimate of the useful lives of its intangible assets as at March 31, 2018 has not required any adjustment as its impact is considered insignificant.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount (note 4.4).

4.5 Capital work-in-progress

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

4.6 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset’s revised carrying amount over its estimated useful life.

4.7 Leases

The Company is a lessee.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the lease term.

4.8 Financial assets

4.8.1 Classification

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

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current 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 twelve months after the statement of financial position date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

c) Available-for-sale financial assets

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

d) Held to maturity

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

4.8.2 Recognition and measurement

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

Changes in the fair value of 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 equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company’s right to receive payments is established.

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

The Company assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the asset is written down from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.19.

4.9 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10 Offsetting of financial assets and financial liabilities

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

4.11 Stores and spares

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

4.12 Stock-in-trade

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

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

4.13 Borrowings

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

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

4.14 Borrowing costs

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

4.15 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.
b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

4.16 Revenue recognition

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

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

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

4.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.18 Long term deposits

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

4.19 Trade debts and other receivables

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

4.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.21 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at calls with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, bank overdrafts and short term borrowings. Bank overdrafts and short term borrowings are shown in current liabilities on the statement of financial position.

4.22 Dividend and other appropriations

Dividend distribution to the Company’s members is recognised as a liability in the period in which the dividends are approved and other appropriations are recognised in the period in which these are approved by the Board of Directors of the Company (‘BOD’).

4.23 Segment reporting

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

4.24 Share capital

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

4.25 Deferred revenue

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

4.26 Earnings per share

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

4.27 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.
NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>111,400,000</td>
<td>111,400,000</td>
</tr>
<tr>
<td>31,400,000</td>
<td>31,400,000</td>
</tr>
<tr>
<td><em>Ordinary shares of Rs 10 each</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.1 2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rupees in thousand</td>
<td></td>
</tr>
</tbody>
</table>

5.2 Ordinary shares of the Company held by related parties (on the basis of common directorship) as at year end are as follows:

<table>
<thead>
<tr>
<th>Number of shares</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlas Insurance Limited</td>
<td>850,000</td>
<td>850,000</td>
</tr>
<tr>
<td>Shirazi Investments (Private) Limited</td>
<td>43,119,650</td>
<td>43,119,650</td>
</tr>
<tr>
<td>Share premium</td>
<td>76,000</td>
<td>76,000</td>
</tr>
</tbody>
</table>

6. RESERVES

<table>
<thead>
<tr>
<th>Movement in and composition of reserves is as follows:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital</strong></td>
</tr>
<tr>
<td><strong>Share premium</strong></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
</tr>
<tr>
<td><strong>General reserve</strong></td>
</tr>
<tr>
<td>- At the beginning of the year</td>
</tr>
<tr>
<td>- Transferred from un-appropriated profit</td>
</tr>
<tr>
<td><strong>At the end of the year</strong></td>
</tr>
</tbody>
</table>

6.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

7. DEFERRED LIABILITY

This represents gratuity. The amounts recognised in the statement of financial position are as follows:

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Present value of defined benefit obligation</strong></td>
<td>474,310</td>
<td>396,551</td>
</tr>
<tr>
<td><strong>Fair value of plan assets</strong></td>
<td>(380,925)</td>
<td>(334,906)</td>
</tr>
<tr>
<td><strong>Closing net liability</strong></td>
<td>93,385</td>
<td>61,645</td>
</tr>
</tbody>
</table>

7.1 The movement in the present value of defined benefit obligation

| **Opening net liability** | 61,645 | 82,824 |
| **Current service cost** | 30,905 | 25,875 |
| **Net interest on defined benefit obligation** | 5,701 | 7,869 |
| **Net remeasurements for the year** | 44,429 | 16,655 |
| **Contributions made during the year** | (51,295) | (71,578) |
| **Closing net liability** | 93,385 | 61,645 |

7.2 The movement in the present value of defined benefit obligation is as follows:

| **Opening present value of defined benefit obligation** | 396,551 | 327,013 |
| **Current service cost** | 30,905 | 25,875 |
| **Interest cost** | 35,736 | 30,789 |
| **Benefits paid during the year** | (20,427) | (5,845) |
| **Remeasurements on obligation:** |
| - Actuarial losses from changes in financial assumptions | 29,200 | 18,611 |
| - Experience adjustments | 2,345 | 108 |
| **Closing present value of defined benefit obligation** | 474,310 | 396,551 |

7.3 The movement in the fair value of plan assets is as follows:

| **Opening fair value of plan assets** | 334,906 | 264,189 |
| **Interest income on plan assets** | 30,035 | 22,920 |
| **Contributions made during the year** | 51,295 | 71,578 |
| **Benefits paid during the year** | (20,427) | (5,845) |
| **Remeasurements on fair value of plan assets** | (14,884) | 2,064 |
| **Closing fair value of plan assets** | 380,925 | 334,906 |

Plan assets are comprised as follows:

| **Debt** | 83,050 | 152,048 |
| **Mutual funds** | 70,606 | 70,538 |
| **Cash** | 227,269 | 112,300 |
| **Total** | 380,925 | 334,906 |

The actual return on the plan assets during the year was Rs 15.87 million (2017: Rs 25.05 million).

7.4 Risks faced by the Company on account of gratuity obligation

- Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

- Asset volatility - Investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.

- Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan’s bond holdings.

- Investment risks - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

- Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

Rupees in thousand

<table>
<thead>
<tr>
<th>7.5 Amounts recognised in the profit and loss account</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>30,985</td>
<td>25,875</td>
</tr>
<tr>
<td>Interest cost</td>
<td>35,736</td>
<td>30,789</td>
</tr>
<tr>
<td>Interest on plan assets</td>
<td>-30,835</td>
<td>22,920</td>
</tr>
<tr>
<td>Net expense charged in the profit and loss account</td>
<td>36,486</td>
<td>33,744</td>
</tr>
</tbody>
</table>

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

Rupees in thousand

<table>
<thead>
<tr>
<th>7.6 Remeasurements charged to other comprehensive income ('OCI')</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial losses from changes in financial assumptions</td>
<td>29,240</td>
<td>18,412</td>
</tr>
<tr>
<td>Experience adjustments</td>
<td>2,345</td>
<td>107</td>
</tr>
<tr>
<td>Remeasurements on fair value of plan assets</td>
<td>14,884</td>
<td>12,044</td>
</tr>
<tr>
<td>Total remeasurements charged to OCI</td>
<td>46,429</td>
<td>16,665</td>
</tr>
</tbody>
</table>

8. DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences arising under the statement of financial position liability method

- Opening deferred tax liability                               | 367,144 | 134,108 |
- Credited to other comprehensive income                       | (13,928) | (5,163) |
- Charged to profit and loss account                            | 30     | 80,375 |
  Total                                                       | 367,144 | 238,199 |

Closing deferred tax liability                                   | 433,591 | 367,144 |

The deferred tax liability comprises of temporary differences arising due to:

- Accelerated tax depreciation                                   | 388,755 | 338,617 |
- Unrealised gain on short term investments                      | 54,487  | 38,177  |
- Others                                                          | 9,651   | 9,650   |
  Total                                                          | 433,591 | 367,144 |

9. SHORT TERM BORROWINGS - SECURED

Short term borrowings available from commercial banks under mark up arrangements amount to Rs 4,460 million (2017: Rs 4,460 million). These arrangements carry mark up ranging from 6.66% to 7.12% per annum. The aggregate short term borrowings are secured by first pari passu hypothecation charge over current assets of the Company.

- Of the aggregate facility of Rs 2,308 million (2017: Rs 2,233 million) for opening letters of credit, the amount utilised as at March 31, 2018 was Rs 71 million (2017: Rs 242 million). The aggregate facility for opening letters of credit is secured by lien over import documents.

- Of the aggregate facility of Rs 1,300 million (2017: Rs 900 million) for bank guarantees, which is available as a sub limit of the above mentioned facilities for short term borrowings, the amount utilised at March 31, 2018 was Rs 889 million (2017: Rs 394 million).

10. This principally represents accrued markup on advances from customers.
11. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors</td>
<td>11.1</td>
<td>1,791,626</td>
<td>1,418,617</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td></td>
<td>2,101,286</td>
<td>940,410</td>
</tr>
<tr>
<td>Bills payable</td>
<td>11.2</td>
<td>4,481,053</td>
<td>5,656,403</td>
</tr>
<tr>
<td>Deposits against display cars</td>
<td>11.3</td>
<td>1,622,357</td>
<td>1,452,357</td>
</tr>
<tr>
<td>Accumulating compensated absences</td>
<td>11.4</td>
<td>54,397</td>
<td>45,684</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>11.5</td>
<td>28,048,049</td>
<td>26,572,808</td>
</tr>
<tr>
<td>License fee, technical fee and royalties</td>
<td>11.6</td>
<td>599,160</td>
<td>999,723</td>
</tr>
<tr>
<td>Provision for custom duties</td>
<td></td>
<td>32,169</td>
<td>32,169</td>
</tr>
<tr>
<td>Punjab sales tax payable</td>
<td></td>
<td>118,100</td>
<td>96,017</td>
</tr>
<tr>
<td>Withholding income tax payable</td>
<td></td>
<td>130,968</td>
<td>45,312</td>
</tr>
<tr>
<td>Workers’ welfare fund</td>
<td>11.7</td>
<td>177,610</td>
<td>151,035</td>
</tr>
<tr>
<td>Workers’ profit participation fund</td>
<td>11.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payable to provident fund</td>
<td></td>
<td>10,592</td>
<td>-</td>
</tr>
<tr>
<td>Security deposits</td>
<td>11.9</td>
<td>52,868</td>
<td>40,268</td>
</tr>
<tr>
<td>Custom duty payable</td>
<td></td>
<td>1,522,099</td>
<td>167,123</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>23,751</td>
<td>36,064</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>41,169,865</td>
<td>37,654,150</td>
</tr>
</tbody>
</table>

11.1 This includes amounts due to related parties based on common directorship aggregating Rs 17.39 million (2017: Rs 49.88 million).

11.2 This includes Rs 164.71 million (2017: Rs 645.35 million) due to the holding company and amounts due to group companies aggregating Rs 4,233.27 million (2017: Rs 4,940.06 million).

11.3 These represent interest free deposits from dealers against display of Company cars at their premises and are repayable on demand. These deposits have been utilised for the purpose of business in accordance with the terms of written agreements with the dealers.

Rupess in thousand

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.4 Accumulating compensated absences</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>45,848</td>
<td>43,914</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>61,983</td>
<td>64,456</td>
</tr>
<tr>
<td>Payments made during the year</td>
<td>107,831</td>
<td>90,570</td>
</tr>
<tr>
<td></td>
<td>[53,436]</td>
<td>[44,722]</td>
</tr>
<tr>
<td>Closing balance</td>
<td>54,397</td>
<td>45,848</td>
</tr>
</tbody>
</table>

11.5 These represent advances from customers against the sale of vehicles. Customers who have given these advances, are entitled to discount at the rate of Karachi Inter Bank Offered Rate (‘KIBOR’) (prevailing on the date of delivery) plus 2%, from the date of advance payment to the date of delivery in case the delivery is delayed over two months from the date of advance payment.

11.6 This includes Rs 563.46 million (2017: Rs 899.25 million) due to the holding company and amounts due to group companies aggregating Rs 13.74 million (2017: Rs 17.80 million).

11.7 Workers’ welfare fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td>151,035</td>
<td>203,845</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>28</td>
<td>174,952</td>
<td>49,285</td>
</tr>
<tr>
<td>Payments during the year</td>
<td></td>
<td>325,987</td>
<td>253,150</td>
</tr>
<tr>
<td>Closing balance</td>
<td></td>
<td>(148,377)</td>
<td>(102,115)</td>
</tr>
</tbody>
</table>

11.8 Workers’ profit participation fund

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td></td>
<td>508,080</td>
<td>735,399</td>
</tr>
<tr>
<td>Provision for the year</td>
<td>28</td>
<td>508,080</td>
<td>457,137</td>
</tr>
<tr>
<td>Payments during the year</td>
<td></td>
<td>(508,080)</td>
<td>(735,399)</td>
</tr>
<tr>
<td>Closing balance</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

11.9 These represent interest free deposits from dealers and customers of scrap amounting to Rs 49.52 million (2017: Rs 36.92 million) and Rs 3.35 million (2017: Rs 3.35 million) respectively against spare parts sales and scrap sales respectively. These are repayable on demand and cannot be utilised for the purpose of business in accordance with the terms of written agreements with these parties. These have been kept in a separate bank account in accordance with the requirements of section 217 of the Companies Act, 2017.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

(i) In the previous years, the Company received various notices from custom authorities for payment of custom duty and sales tax in respect of certain components of Honda Cars imported during prior years. Custom authorities interpreted that Completely Built Unit (‘CBU’) rate of duty was applicable on such components and thus raised a demand of Rs 110 million. It included Rs 96 million on account of custom duty and Rs 14 million on account of sales tax.

(ii) Bank guarantees of Rs 888.76 million (2017: Rs 394.32 million) have been issued in favour of third parties.

12.2 Commitments in respect of

(i) Letters of credit and purchases for capital expenditure aggregating Rs 13.74 million (2017: Rs 193.61 million).

(ii) Letters of credit and purchases, other than capital expenditure aggregating Rs 2,786.56 million (2017: Rs 2,711.94 million).

ANNUAL REPORT 2018 EXPLORING NEW DIMENSIONS OF PROGRESS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018
### 13. PROPERTY, PLANT AND EQUIPMENT

#### Rupees in thousand

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Freehold land</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings on freehold land</td>
<td>1,205,945</td>
<td>1,031,478</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vehicles</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,205,945</td>
<td>1,031,478</td>
</tr>
</tbody>
</table>

#### 2017

- **Freehold land**: 1,031,478 thousand Rupees
- **Buildings on freehold land**: 1,031,478 thousand Rupees
- **Plant and machinery**: 0 thousand Rupees
- **Furniture and office equipment**: 0 thousand Rupees
- **Vehicles**: 0 thousand Rupees
- **Total**: 1,031,478 thousand Rupees

#### Cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>1,031,478</td>
<td>1,031,478</td>
</tr>
</tbody>
</table>

#### Year ended March 31, 2018

- **Opening net book value**: 1,031,478 thousand Rupees
- **Accumulated depreciation**: 0 thousand Rupees
- **Depreciation for the year**: 0 thousand Rupees
- **Closing net book value**: 1,031,478 thousand Rupees

#### Cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>1,031,478</td>
<td>1,031,478</td>
</tr>
</tbody>
</table>

#### Year ended March 31, 2017

- **Opening net book value**: 1,031,478 thousand Rupees
- **Accumulated depreciation**: 0 thousand Rupees
- **Depreciation for the year**: 0 thousand Rupees
- **Closing net book value**: 1,031,478 thousand Rupees

#### Cost

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>1,031,478</td>
<td>1,031,478</td>
</tr>
</tbody>
</table>
### 4 Financial Analysis

#### Rupees in thousand

<table>
<thead>
<tr>
<th>Particulars of assets</th>
<th>Sold to</th>
<th>Cost</th>
<th>Net book value</th>
<th>Sale proceeds</th>
<th>Profit/(loss) on disposal</th>
<th>Mode of disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>B/F</td>
<td>423,718</td>
<td>39,584</td>
<td>36,984</td>
<td>-</td>
<td>(2,400)</td>
<td></td>
</tr>
</tbody>
</table>

**Outsiders**

- **Atlas Insurance Limited - related party (common directorship)**
  - 1,475 | 837 | 925 | 88 | Insurance Claim
  - 1,456 | 792 | 910 | 118 | -

- **Items with net book value**
  - less than Rs 500,000
  - 1,961 | 61 | 1,067 | 986 | As per Company policy
  - 1,606 | 131 | - | (131) | Scrapped

- **Retired as no longer usable**
  - 5,121 | 764 | 526 | (238) | As per Company policy
  - 11,161 | 243 | - | (243) | Scrapped

**Computers**

- **Items with net book value**
  - less than Rs 500,000
  - 4,464,496 | 42,412 | 39,584 | 1,545 | -

- **Retired as no longer usable**
  - 4,464,496 | 42,412 | 39,584 | 1,545 | -

**Furniture and office equipment**

- **Scraped**

**Vehicles**

- **Director**
  - Mr. Muhammad Nasir Khan
  - 2,247 | 1,057 | 1,125 | 68 | As per Company policy

- **Employees**
  - Tariq Rashid (ex-employee)
  - 1,619 | 934 | 961 | 27 | As per Company policy
  - Shahid Ahmad
  - 1,536 | 667 | 675 | 28 | -
  - Zubair Ali
  - 2,049 | 880 | 877 | (3) | -
  - Basharat Rana
  - 2,180 | 937 | 973 | 36 | -
  - Imran Farooq
  - 2,183 | 938 | 973 | 35 | -
  - Sami Shafi
  - 2,183 | 938 | 973 | 35 | -
  - Abdul Waheed
  - 1,536 | 636 | 661 | 25 | As per Company policy
  - Muhammad Ahmad
  - 2,023 | 1,025 | 1,035 | 10 | -
  - Arslan Anwar
  - 2,023 | 1,025 | 1,035 | 10 | -
  - Jashward Tahir
  - 2,023 | 1,025 | 1,035 | 10 | -
  - Muhammad Waseem Hassan
  - 2,023 | 1,025 | 1,035 | 10 | -
  - Ayesha Lajjat
  - 1,568 | 788 | 813 | 28 | -
  - Hamoodur Rahman
  - 1,568 | 788 | 813 | 28 | -
  - Shahid Latif Khatirah
  - 1,548 | 785 | 813 | 28 | -
  - Muhammad Altaf
  - 2,880 | 1,377 | 1,470 | 153 | -
  - Muhammad Nauman
  - 1,956 | 1,239 | 1,327 | 88 | -
  - Muhammad Rafi
  - 1,985 | 1,333 | 1,406 | 73 | -
  - Asia Saffi Ali Rizvi
  - 1,475 | 1,028 | 1,134 | 106 | -
  - Fayyaz Ahmed
  - 1,475 | 1,028 | 1,134 | 106 | -
  - Mazhar Achair
  - 2,065 | 1,543 | 1,808 | 262 | -
  - Muhammad Aamer
  - 1,925 | 1,555 | 1,682 | 127 | -
  - Imran Hadeer Rathore
  - 1,923 | 1,553 | 1,682 | 129 | -
  - Noman Ali
  - 1,923 | 1,553 | 1,682 | 129 | -
  - Majid Shah
  - 1,923 | 1,553 | 1,682 | 129 | -
  - Aslam Khan
  - 1,927 | 1,556 | 1,682 | 126 | -
  - Amir Nazir
  - 2,007 | 1,637 | 1,866 | 229 | -
  - Ras Anobar
  - 1,913 | 1,565 | 1,682 | 137 | -
  - Muhammad Ali
  - 1,912 | 1,604 | 1,752 | 148 | -

**Retired as no longer usable**

- 1,923 | 1,553 | 1,682 | 129 | -

**Scraped**

- 1,923 | 1,553 | 1,682 | 129 | -

**Furniture and office equipment**

- **Scraped**

**Computers**

- Items with net book value**
  - less than Rs 500,000
  - 2,070 | 356 | 180 | (174) | As per Company policy

**Total**

- 202,454 | 61,199 | 81,468 | 19,686 | -
NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

14. INTANGIBLE ASSETS

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>2018</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>License fees and drawings</td>
<td>Computer softwares</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>At April 1, 2017</td>
<td>713,796</td>
<td>61,554</td>
<td>775,350</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(379,740)</td>
<td>(22,518)</td>
<td>(402,258)</td>
<td></td>
</tr>
<tr>
<td>Net book value</td>
<td>334,056</td>
<td>39,036</td>
<td>373,092</td>
<td></td>
</tr>
<tr>
<td>Year ended March 31, 2018</td>
<td>334,056</td>
<td>39,036</td>
<td>373,092</td>
<td></td>
</tr>
<tr>
<td>Opening net book value</td>
<td>334,056</td>
<td>39,036</td>
<td>373,092</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>18,963</td>
<td>3,564</td>
<td>22,527</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>310,445</td>
<td>2,120</td>
<td>312,565</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>(310,445)</td>
<td>(2,120)</td>
<td>(312,565)</td>
<td></td>
</tr>
<tr>
<td>Amortisation for the year</td>
<td>[77,793]</td>
<td>(12,702)</td>
<td>(90,495)</td>
<td></td>
</tr>
<tr>
<td>Closing net book value</td>
<td>275,226</td>
<td>29,898</td>
<td>305,124</td>
<td></td>
</tr>
<tr>
<td>At March 31, 2018</td>
<td>422,314</td>
<td>62,998</td>
<td>485,312</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>(147,088)</td>
<td>(33,100)</td>
<td>(180,188)</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>[325,226]</td>
<td>29,898</td>
<td>305,124</td>
<td></td>
</tr>
<tr>
<td>Rupees in thousand</td>
<td>2017</td>
<td></td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>License fees and drawings</td>
<td>Computer softwares</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>At April 1, 2016</td>
<td>364,822</td>
<td>60,184</td>
<td>425,006</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(364,822)</td>
<td>(60,184)</td>
<td>(425,006)</td>
<td></td>
</tr>
<tr>
<td>Net book value</td>
<td>21,722</td>
<td>49,313</td>
<td>71,035</td>
<td></td>
</tr>
<tr>
<td>Year ended March 31, 2017</td>
<td>21,722</td>
<td>49,313</td>
<td>71,035</td>
<td></td>
</tr>
<tr>
<td>Opening net book value</td>
<td>21,722</td>
<td>49,313</td>
<td>71,035</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>348,974</td>
<td>1,370</td>
<td>350,344</td>
<td></td>
</tr>
<tr>
<td>Amortisation for the year</td>
<td>[348,974]</td>
<td>(1,370)</td>
<td>(350,344)</td>
<td></td>
</tr>
<tr>
<td>Closing net book value</td>
<td>334,056</td>
<td>39,036</td>
<td>373,092</td>
<td></td>
</tr>
<tr>
<td>At March 31, 2017</td>
<td>713,796</td>
<td>61,554</td>
<td>775,350</td>
<td></td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(379,740)</td>
<td>(22,518)</td>
<td>(402,258)</td>
<td></td>
</tr>
<tr>
<td>Net book value</td>
<td>334,056</td>
<td>39,036</td>
<td>373,092</td>
<td></td>
</tr>
</tbody>
</table>

NOTES TO AND FORMING PART
OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

14.1 The amortisation charge has been allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>77,793</td>
<td>36,432</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>12,702</td>
<td>11,855</td>
</tr>
<tr>
<td></td>
<td>90,495</td>
<td>48,287</td>
</tr>
</tbody>
</table>

15. CAPITAL WORK-IN-PROGRESS

| Plant and machinery [including in transit Rs 2.61 million] (2017: Rs 57.38 million) | 38,469 | 108,450 |
| Civil works | 63,487 |
| Other tangible assets | 36,285 | 26,953 |
| Intangible assets | 1,494 | 2,204 |
|                      | 76,348 | 199,194 |

15.1 The reconciliation of the carrying amount is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>199,194</td>
<td>1,198,229</td>
</tr>
<tr>
<td>Additions during the year</td>
<td>1,265,867</td>
<td>1,812,349</td>
</tr>
<tr>
<td>Transfers during the year</td>
<td>1,465,061</td>
<td>3,010,578</td>
</tr>
<tr>
<td>Closing balance</td>
<td>76,348</td>
<td>199,194</td>
</tr>
</tbody>
</table>

16. LONG TERM LOANS AND ADVANCES

Loans to employees - considered good
- Key management personnel | 16.1 | 10,270 | 5,397 |
- Others | 264,100 | 142,775 |
|                      | 274,370 | 148,172 |
| Current portion shown under current assets
- Key management personnel | [2,864] | [1,109] |
- Others | [82,481] | [39,820] |
|                      | 20 | [85,347] | [40,921] |
|                      | 189,023 | 107,251 |

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

Staff welfare loans carry interest at the rate of 7.0% per annum (2017: 7.0% per annum) and are recoverable within a period of 7 years commencing from the date of disbursement through monthly deductions from salaries.

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

Car loans carry interest at the rate of Nil (2017: 1% to 4% per annum) and are recoverable within a maximum period of 6 years commencing from the date of disbursement through monthly deductions from salaries.

House rent loans are interest free and are recoverable within a period of 3 years from the date of disbursement through monthly deduction from salaries.
16.1 These comprise loans to the following key management personnel: Nadeem Azam, Muhammad Sehail Nawaz, Maqsood Ur Rehman, Ahmad Umar Wajid, Iqbal Ahmad, Zia Ul Hassan Khan, Samina Naz and Muhammad Ali.

The maximum amount of loan outstanding at the end of any month during the year was Rs 15.16 million (2017: Rs 5.40 million).

The loans to key management personnel of the Company have been granted under the same terms as explained above.

17. STORES AND SPARES

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

Spares amounting to Rs 12.60 million (2017: Rs 13.75 million) are in the possession of various vendors which relate to the dies and moulds. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Rupees in thousand

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>18. STOCK-IN-TRADE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials [including in transit Rs 4,397.77 million (2017: Rs 3,894.19 million)]</td>
<td>6,659,408</td>
<td>5,328,519</td>
</tr>
<tr>
<td>Work-in-process</td>
<td>429,540</td>
<td>537,655</td>
</tr>
<tr>
<td>Finished goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Own manufactured</td>
<td>467,021</td>
<td>240,812</td>
</tr>
<tr>
<td>- Trading stock [including in transit Rs 112.66 million (2017: Rs 88.63 million)]</td>
<td>652,074</td>
<td>501,749</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8,208,043</td>
<td>6,458,735</td>
</tr>
</tbody>
</table>

18.1 Raw materials amounting to Rs 133.66 million (2017: Rs 95.21 million) are in the possession of various vendors of the Company for further processing into parts to be supplied to the Company.

18.2 Finished goods amounting to Rs 157.54 million (2017: Rs 16.18 million) are in the possession of various dealers as consignment stock for display at dealerships.

Rupees in thousand

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>19. TRADE DEBTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Considered good</td>
<td>92,441</td>
<td>49,536</td>
</tr>
<tr>
<td>Considered doubtful</td>
<td>16,142</td>
<td>16,142</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>(16,142)</td>
<td>(16,142)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>92,441</td>
<td>49,536</td>
</tr>
</tbody>
</table>

19.1 These include Rs 0.24 million (2017: Rs 0.39 million) receivable from Honda Access Asia Oceania Co. Limited, a related party (group company) against export sales made by the Company. During the year, the Company made export sales amounting to Rs 1.27 million (2017: Rs 3.53 million) to the related party through purchase order.

The maximum aggregate amount receivable from Honda Access Asia Oceania Co. Limited at the end of any month during the year was Rs 0.79 million (2017: Rs 1.75 million).
21. SHORT TERM INVESTMENTS

At fair value through profit or loss
- Units of mutual funds
  21.1 7,495,257 5,067,128
- Treasury bills
  21.2 13,179,643 15,876,217

20,674,900 20,943,345

21.1 Units of mutual funds
- Atlas Money Market Fund
  3,517,449 units (2017: 1,957,238 units)
  Cost: Rs 1,779 million (2017: Rs 1,000 million)
  21.1.1 1,837,023 1,026,121
- Atlas Income Fund
  3,542,568 units (2017: 3,411,966 units)
  Cost: Rs 1,813 million (2017: Rs 1,750 million)
  21.1.1 1,879,758 1,815,075
- ABI Income Fund
  5,316,212 units (2017: 5,103,162 units)
  Cost: Rs 53 million (2017: Rs 51 million)
  55,199 53,391
- NAFA Money Market Fund
  Cost: Rs 2,942 million (2017: Rs 1,500 million)
  3,071,213 1,545,449
- NAFA Income Opportunity Fund
  58,660,478 units (2017: 55,825,546 units)
  Cost: Rs 628 million (2017: Rs 604 million)
  652,064 627,072

7,495,257 5,067,128

21.1.1 Atlas Money Market Fund and Atlas Income Fund are managed by Atlas Asset Management Limited, a related party (on the basis of common directorship).

21.2 This represents investment in 3 and 6 months Government Treasury Bills which bear markup ranging from 5.97% to 6.29% (2017: 5.85% to 5.97%) per annum.

21.3 Changes in fair values of financial assets at fair value through profit or loss are recorded in profit and loss account. Unrealised gain of Rs 363.25 million (2017: Rs 244.18 million) and realised gain of Rs 941.71 million (2017: Rs 132.90 million) was recorded in the current year in other income.

Rupees in thousand 2018 2017

22. CASH AND BANK BALANCES

At banks on:
- Current accounts
  73,060 60,496
- Deposit accounts
  22.1 9,916,729 6,473,750
- Term deposits
  22.2 1,000,000 3,000,000

10,989,789 9,534,246

Cash in hand
  3,211 2,134

10,993,000 9,536,380

22.1 Balances in deposit accounts bear mark up which ranges from 4.00% to 5.99% (2017: 3.75% to 5.75%) per annum.

22.2 These bear mark up at the rate of 6.15% (2017: 5.75% to 6.25%) per annum.

23. SALES

Sales - Own manufactured goods
  1,879,615,605 73,049,582
Sales tax
  (15,644,985) (11,672,338)
Commission to dealers
  (1,887,511) (1,440,244)
Discount to customers
  (1,047,986) (1,179,274)

89,244,123 60,817,726

Sales - Trading goods
  2,525,956 2,216,532
Sales tax
  (247,185) (228,568)
Commission to dealers
  (2,022) (3,437)

2,276,747 1,985,027

91,522,872 62,802,753

23.1 This represents discount to customers from July 2016 as explained in note 11.5 to these financial statements.

Rupees in thousand 2018 2017

24. COST OF SALES

Raw material consumed
  74,684,759 47,882,352
Stores and spares consumed
  185,317 130,809
Salaries, wages and benefits
  1,320,514 1,033,122
Fuel and power
  237,563 170,074
Insurance
  61,128 55,016
Travelling and vehicle running
  193,230 133,113
Freight and handling
  199,711 159,623
Repairs and maintenance
  111,057 80,742
Technical assistance
  46,759 32,615
Depreciation on property, plant and equipment
  1,358,524
Amortisation on intangible assets
  77,793 36,432
Royalty
  1,991,614 1,358,524
Canteen subsidy
  80,444 59,025
Other expenses
  8,835 5,789

79,840,100 51,579,307

Opening stock of work-in-process
  537,655 330,953
Closing stock of work-in-process
  (429,540) (357,650)

1,078,115 1,226,757

Cost of goods manufactured
  79,948,215 51,372,605
Own work capitalized
  (115,401) (104,186)
Cost of damaged cars
  (36,392) (5,591)

79,796,422 51,262,828

Opening stock of finished goods
  240,812 1,323,386
Closing stock of finished goods
  (447,021) (240,812)

(206,209) (1,092,576)

Cost of sales - Own manufactured goods
  79,570,213 52,345,402
Cost of sales - Trading goods
  1,503,564 1,335,659

81,073,777 53,681,061

24.3 This represents cost of sales from July 2016 as explained in note 11.5 to these financial statements.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>21,106</td>
<td>16,875</td>
</tr>
<tr>
<td>Net interest on defined benefit obligation</td>
<td>3,894</td>
<td>5,132</td>
</tr>
</tbody>
</table>

In addition to above, salaries, wages and benefits include Rs 32.21 million (2017: Rs 26.93 million) on account of provident fund contributions.

24.2 Royalty, excluding Punjab Sales Tax on services, includes amounts in respect of the following parties:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Address</th>
<th>Relationship with Company</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honda Motor Co., Ltd., Japan</td>
<td>Minato-ku,K, Tokyo, 107-8554, Japan</td>
<td>Holding company</td>
<td></td>
</tr>
<tr>
<td>Honda Lock Mfg., Co. Japan</td>
<td>City Miyazaki Pref, 880-0293 Japan</td>
<td>Group company</td>
<td></td>
</tr>
<tr>
<td>Honda Access Asia</td>
<td>2754/1 Sai Sukhumvit 66/1, Sukhumvit Rd;</td>
<td>Group company</td>
<td></td>
</tr>
<tr>
<td>Ocenia Co. Limited</td>
<td>Kwaeng Bangna, Bangkok 10260 Thailand</td>
<td>Outsiders</td>
<td></td>
</tr>
</tbody>
</table>

24.3 Cost of sales includes certain inventory items written off amounting to Rs 100.95 million (2017: Nil).

25. DISTRIBUTION AND MARKETING COSTS

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>25.1</td>
<td>257,819</td>
<td>158,337</td>
</tr>
<tr>
<td>Fuel and power</td>
<td></td>
<td>6,012</td>
<td>4,684</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>10,563</td>
<td>8,543</td>
</tr>
<tr>
<td>Travelling and vehicle running</td>
<td></td>
<td>41,384</td>
<td>30,255</td>
</tr>
<tr>
<td>Freight and handling</td>
<td></td>
<td>22,123</td>
<td>17,597</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>9,323</td>
<td>10,424</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td></td>
<td>16,858</td>
<td>12,158</td>
</tr>
<tr>
<td>Warranty costs</td>
<td></td>
<td>89,714</td>
<td>62,085</td>
</tr>
<tr>
<td>Advertising and sales promotion</td>
<td></td>
<td>371,243</td>
<td>212,033</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>13.3</td>
<td>28,806</td>
<td>24,635</td>
</tr>
<tr>
<td>Training expenses</td>
<td></td>
<td>5,880</td>
<td>3,023</td>
</tr>
<tr>
<td>Canteen subsidy</td>
<td></td>
<td>9,740</td>
<td>6,264</td>
</tr>
<tr>
<td>Free service claims</td>
<td></td>
<td>9,939</td>
<td>7,577</td>
</tr>
<tr>
<td>Rent, rates and taxes</td>
<td>25.2</td>
<td>18,785</td>
<td>13,311</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>16,717</td>
<td>10,424</td>
</tr>
</tbody>
</table>

26. ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages and benefits</td>
<td>26.1</td>
<td>358,992</td>
<td>283,865</td>
</tr>
<tr>
<td>Fuel and power</td>
<td></td>
<td>5,488</td>
<td>5,517</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>9,405</td>
<td>9,160</td>
</tr>
<tr>
<td>Travelling and vehicle running</td>
<td></td>
<td>50,474</td>
<td>35,267</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>56,685</td>
<td>34,858</td>
</tr>
<tr>
<td>Printing and stationery</td>
<td></td>
<td>10,230</td>
<td>7,486</td>
</tr>
<tr>
<td>Communications</td>
<td></td>
<td>25,963</td>
<td>16,513</td>
</tr>
<tr>
<td>Postage</td>
<td></td>
<td>1,157</td>
<td>1,116</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>26.2</td>
<td>9,421</td>
<td>6,086</td>
</tr>
<tr>
<td>Legal and professional charges</td>
<td></td>
<td>23,687</td>
<td>11,248</td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>13.3</td>
<td>53,708</td>
<td>42,462</td>
</tr>
<tr>
<td>Amortisation on intangible assets</td>
<td>14.1</td>
<td>12,702</td>
<td>11,855</td>
</tr>
<tr>
<td>Fees and subscription</td>
<td></td>
<td>5,338</td>
<td>1,755</td>
</tr>
<tr>
<td>Canteen subsidy</td>
<td></td>
<td>12,214</td>
<td>9,826</td>
</tr>
<tr>
<td>Security expenses</td>
<td></td>
<td>4,008</td>
<td>3,211</td>
</tr>
<tr>
<td>Other expenses</td>
<td></td>
<td>28,130</td>
<td>18,244</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>5,932</td>
<td>4,849</td>
</tr>
<tr>
<td>Net interest on defined benefit obligation</td>
<td>1,094</td>
<td>1,475</td>
</tr>
</tbody>
</table>

In addition to above, salaries, wages and benefits include Rs 10.01 million (2017: Rs 8.22 million) on account of provident fund contributions.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand

2018 2017

26.2 Auditors’ remuneration

The charges for professional services consist of the following in respect of auditors’ services for:

- Statutory audit 1,804 1,639
- Half yearly review 532 484
- Taxation services 5,014 2,318
- Certifications and audits required by various regulations 1,462 1,078
- Out of pocket expenses 609 567

9,421 6,086

26.3 Administrative expenses includes operating lease rentals of Rs 1.36 million (2017: Rs 3.27 million).

Rupees in thousand

2018 2017

27. OTHER INCOME

Income from financial assets:

- Profit on bank deposits 488,312 643,692
- Interest on loans to employees 3,792 4,722

Gain on financial assets at fair value through profit or loss

- Realised 941,709 132,898
- Unrealised 363,246 244,189

1,304,955 377,087

Income from non-financial assets:

- Profit on disposal of property, plant and equipment 13.4 - 19,486
- Markup on advances to suppliers 12,410 16,725
- Liabilities no longer payable written back 16,123 456
- Freight income 45,985 42,102
- Others 13,448 10,521

85,966 89,688

1,883,025 1,115,189

28. OTHER EXPENSES

- Workers’ welfare fund 11.7 174,952 49,285
- Workers’ profit participation fund 11.8 508,080 457,137
- Exchange loss - net 559,517 31,101
- Loss on disposal of property, plant and equipment 13.4 2,020 -

1,246,569 537,523

29. FINANCE COST

- Markup on advances from customers 696 14,123
- Bank charges 13,780 9,320

14,476 23,443

30. TAXATION

Current

- For the year 2,411,040 2,108,765
- Prior years 492,702 154,371

Deferred 2,903,742 2,243,136

8 80,375 238,199

2,984,117 2,501,335

(Percentage) 2018 2017

30.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate

Applicable tax rate as per Income Tax Ordinance, 2001 30.00 31.00

Tax effect of:

- change in prior years’ tax 5.20 1.78
- change in tax rate (0.57) (0.53)
- tax credit (0.89) (2.44)
- lower tax rates and final tax regime (2.26) (0.83)

1.48 (2.04)

Average effective tax rate charged to profit and loss account 31.48 28.96

30.2 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

Rupees in thousand

2018 2017

Tax assessed as per most recent tax assessment 2,333,456 1,540,251 698,849

Provision in accounts for income tax 2,333,456 1,466,049 643,597

As at March 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

30.3 By virtue of amendments introduced through Finance Act 2017, the provisions of section 5A of the Income Tax Ordinance, 2001 were amended to the effect that a listed company that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the said tax year through cash or bonus shares, shall be liable to pay tax at the rate of 7.5% of its accounting profit before tax. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires. The Company has distributed 40% of its after tax profits for the Tax Year 2017.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

Rupees in thousand

31. CASH GENERATED FROM OPERATIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td></td>
<td>9,478,567</td>
<td>8,636,325</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation on property, plant and equipment</td>
<td>13.3</td>
<td>733,870</td>
<td>509,018</td>
</tr>
<tr>
<td>Loss / (profit) on disposal of property, plant and equipment</td>
<td>28</td>
<td>2,020</td>
<td>(19,486)</td>
</tr>
<tr>
<td>Profit on bank deposits</td>
<td>27</td>
<td>(488,312)</td>
<td>(643,492)</td>
</tr>
<tr>
<td>Markup on advances to suppliers</td>
<td>27</td>
<td>(12,410)</td>
<td>(15,725)</td>
</tr>
<tr>
<td>Interest on loans to employees</td>
<td>27</td>
<td>(3,792)</td>
<td>(4,722)</td>
</tr>
<tr>
<td>Gain on short term investments</td>
<td>(338,281)</td>
<td>(170,788)</td>
<td></td>
</tr>
<tr>
<td>Liabilities no longer payable written back</td>
<td>27</td>
<td>(14,123)</td>
<td>(654)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>27</td>
<td>696</td>
<td>14,123</td>
</tr>
<tr>
<td>Provision for employees’ retirement benefits and other obligations</td>
<td>14.1</td>
<td>98,589</td>
<td>80,400</td>
</tr>
<tr>
<td>Amortisation on intangible assets</td>
<td>14.1</td>
<td>90,495</td>
<td>48,287</td>
</tr>
<tr>
<td>Amortisation of deferred revenue</td>
<td>(4,737)</td>
<td>(6,194)</td>
<td></td>
</tr>
<tr>
<td>Royalty</td>
<td>1,811,088</td>
<td>1,234,983</td>
<td></td>
</tr>
<tr>
<td>Working capital changes</td>
<td>31.1</td>
<td>(11,283,765)</td>
<td>18,394,152</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10,049,905</td>
<td>28,056,827</td>
</tr>
</tbody>
</table>

31.1 Working capital changes

(Increase) / decrease in current assets

- Stores and spares | (4,210) | (11,615) |
- Stock-in-trade | 11,549,308 | 12,449,910 |
- Trade debts | (42,905) | 68,383 |
- Loans, advances, prepayments and other receivables | (3,560,238) | (8,114,148) |

Increase in current liabilities

- Trade and other payables | 3,872,896 | 29,303,462 |
- (5,183,765) | 18,394,152 |

32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following statement of financial position amounts:

- Cash and bank balances | 22 | 10,993,000 | 9,539,380 |
- Short term investments - Treasury bills | 21 | 13,179,663 | 15,874,217 |

24,172,643 | 25,412,597

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial remuneration</td>
<td>789</td>
<td>753</td>
</tr>
<tr>
<td>House rent and utilities</td>
<td>3,256</td>
<td>3,325</td>
</tr>
<tr>
<td>Bonus</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reimbursement of medical expenses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Employees’ retirement benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other allowances and expenses</td>
<td>9,294</td>
<td>7,586</td>
</tr>
<tr>
<td>Meeting fee</td>
<td>13,339</td>
<td>11,675</td>
</tr>
<tr>
<td></td>
<td>12,779</td>
<td>10,706</td>
</tr>
<tr>
<td></td>
<td>11,206</td>
<td>8,494</td>
</tr>
<tr>
<td></td>
<td>1,968</td>
<td>1,554</td>
</tr>
<tr>
<td></td>
<td>29,183</td>
<td>21,979</td>
</tr>
<tr>
<td></td>
<td>361,341</td>
<td>274,571</td>
</tr>
</tbody>
</table>

Number of persons

<table>
<thead>
<tr>
<th>Chief Executive</th>
<th>Executive Director</th>
<th>Non Executive Directors</th>
<th>Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic EPS</td>
<td>Rupees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>6,494,650</td>
<td>4,134,990</td>
<td></td>
</tr>
<tr>
<td>Weighted average number of ordinary shares</td>
<td>142,800</td>
<td>142,800</td>
<td></td>
</tr>
<tr>
<td>Basic EPS</td>
<td>Rupees</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>45.48</td>
<td>42.96</td>
<td></td>
</tr>
</tbody>
</table>

34. EARNINGS PER SHARE

34.1 Basic earnings per share

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the year</td>
<td>6,494,650</td>
<td>4,134,990</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares</td>
<td>142,800</td>
<td>142,800</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>Rupees</td>
<td></td>
</tr>
<tr>
<td></td>
<td>45.48</td>
<td>42.96</td>
</tr>
</tbody>
</table>

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at March 31, 2018 and March 31, 2017 which would have any effect on the earnings per share if the option to convert is exercised.

35. OPERATING SEGMENTS

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

35.1 The management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.
(a) Manufacturing
This segment relates to the sale of locally manufactured cars and parts.
(b) Trading
This segment relates to the trading of CBUs and parts.

35.2 Segment information

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Trading</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment revenue</td>
<td>89,246,123</td>
<td>60,817,726</td>
<td>2,276,749</td>
</tr>
<tr>
<td>Segment expenses</td>
<td>79,570,218</td>
<td>52,345,402</td>
<td>(1,003,564)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>9,675,910</td>
<td>8,472,324</td>
<td>773,185</td>
</tr>
<tr>
<td>Distribution and marketing costs</td>
<td>(916,994)</td>
<td>(542,321)</td>
<td>(677,420)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(677,420)</td>
<td>(477,269)</td>
<td>(1,883,025)</td>
</tr>
<tr>
<td>Other income</td>
<td>(1,244,569)</td>
<td>(1,537,023)</td>
<td>(154,418)</td>
</tr>
<tr>
<td>Finance cost</td>
<td>(154,418)</td>
<td>(23,463)</td>
<td>(154,418)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>9,478,567</td>
<td>8,436,325</td>
<td>773,185</td>
</tr>
<tr>
<td>Taxation</td>
<td>(2,984,117)</td>
<td>(2,501,335)</td>
<td>(2,984,117)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>6,494,450</td>
<td>6,436,990</td>
<td></td>
</tr>
</tbody>
</table>

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

36. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the Company’s finance department under policies approved by the BOD. The Company’s finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD.

(a) Market risk

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

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (‘USD’), Japanese Yen (‘JPY’), Thai Baht (‘THB’), Euro (‘EUR’), Singapore Dollar (‘SGD’) and Great Britain Pound (‘GBP’). Currently, the Company’s foreign exchange risk exposure is restricted to the amounts receivable from and payable to foreign entities. The Company’s exposure to currency risk is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances - USD</td>
<td>479</td>
<td>688</td>
</tr>
<tr>
<td>Other receivables - USD</td>
<td>786</td>
<td>75</td>
</tr>
<tr>
<td>Trade debts - USD</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables - USD</td>
<td>(34,878)</td>
<td>(48,147)</td>
</tr>
<tr>
<td>Net exposure - USD</td>
<td>(33,611)</td>
<td>(47,366)</td>
</tr>
<tr>
<td>Other receivables - JPY</td>
<td>2,010</td>
<td>494</td>
</tr>
<tr>
<td>Trade and other payables - JPY</td>
<td>(184,507)</td>
<td>(769,440)</td>
</tr>
<tr>
<td>Net exposure - JPY</td>
<td>(182,497)</td>
<td>(778,944)</td>
</tr>
<tr>
<td>Other receivables - THB</td>
<td>5,092</td>
<td>931</td>
</tr>
<tr>
<td>Trade and other payables - THB</td>
<td>(77,501)</td>
<td>(24,554)</td>
</tr>
<tr>
<td>Net exposure - THB</td>
<td>(72,409)</td>
<td>(23,625)</td>
</tr>
<tr>
<td>Other receivables - EUR</td>
<td>(14)</td>
<td>(37)</td>
</tr>
<tr>
<td>Trade and other payables - EUR</td>
<td>(14)</td>
<td>(28)</td>
</tr>
<tr>
<td>Net exposure - EUR</td>
<td>(14)</td>
<td>(28)</td>
</tr>
<tr>
<td>Other receivables - SGD</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables - SGD</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net exposure - SGD</td>
<td>-</td>
<td>(55)</td>
</tr>
<tr>
<td>Other receivables - GBP</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables - GBP</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net exposure - GBP</td>
<td>-</td>
<td>(63)</td>
</tr>
</tbody>
</table>

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD, JPY, THB, EUR, SGD and GBP with all other variables held constant, the impact on post tax profit for the year would have been Rs 30.23 million (2017: Rs 40.23 million) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments.

(ii) Other price risk
Other price risk represents 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 is not exposed to equity price risk since there are no direct investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk
Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a significant number of counter parties.

(ii) Credit quality of financial assets
The credit quality of financial assets (mainly bank balances and investments in mutual funds) that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Rating</th>
<th>Name of Fund</th>
<th>Short term</th>
<th>Long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>P-1</td>
<td>Citibank N.A.</td>
<td>95,663</td>
<td>156,904</td>
</tr>
<tr>
<td>Moody’s</td>
<td>P-2</td>
<td>Deutsche Bank A.G.</td>
<td>22,103</td>
<td>33,000</td>
</tr>
<tr>
<td>PACRA</td>
<td>A1+</td>
<td>Faysal Bank Limited</td>
<td>1,021,460</td>
<td>2,030,769</td>
</tr>
<tr>
<td>JCR-VIS</td>
<td>AA+</td>
<td>Habib Bank Limited</td>
<td>4,216</td>
<td>6,009</td>
</tr>
<tr>
<td>PACRA</td>
<td>A1+</td>
<td>MCB Bank Limited</td>
<td>5,107,905</td>
<td>444,218</td>
</tr>
<tr>
<td>JCR-VIS</td>
<td>AAA</td>
<td>National Bank of Pakistan</td>
<td>716</td>
<td>716</td>
</tr>
<tr>
<td>PACRA</td>
<td>A1+</td>
<td>Soneri Bank Limited</td>
<td>3,847,145</td>
<td>4,264,140</td>
</tr>
<tr>
<td>PACRA</td>
<td>A1+</td>
<td>Standard Chartered Bank (Pakistan) Limited</td>
<td>841,866</td>
<td>518,326</td>
</tr>
<tr>
<td>Moody’s</td>
<td>A1</td>
<td>The Bank of Tokyo</td>
<td>20,494</td>
<td>47,811</td>
</tr>
<tr>
<td>JCR-VIS</td>
<td>A1-</td>
<td>United Bank Limited</td>
<td>28,221</td>
<td>10,353</td>
</tr>
</tbody>
</table>

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

(c) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Furthermore, the holding company, Honda Motor Co., Ltd., Japan, through its associated company has provided liquidity support to the Company in form of credit on some of the CKD material supplies. At March 31, 2018, the Company had Rs 4,460 million available borrowing limits from financial institutions and Rs 10,993 million cash and bank balances.
Financial Analysis

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Carrying amount</th>
<th>Less than five years</th>
<th>One to five years</th>
<th>More than five years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At March 31, 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued mark up</td>
<td>782</td>
<td>782</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>22,600</td>
<td>22,600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9,914,159</td>
<td>9,914,159</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,937,561</td>
<td>9,937,561</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term investments</td>
<td>7,495,257</td>
<td>13,179,643</td>
<td>-</td>
<td>20,674,900</td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At fair value through profit or loss</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term investments</td>
<td>5,047,128</td>
<td>15,876,217</td>
<td>-</td>
<td>20,943,345</td>
</tr>
<tr>
<td>Liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

36.3 Financial instruments by categories

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on March 31, 2018.

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

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

36.5 Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to members, issue new shares and other measures commensurating to the circumstances.

The Company monitors the capital structure on the basis of gearing ratio. However as at March 31, 2018, and March 31, 2017, there are no borrowings and the entire capital is represented by equity as shown in the statement of financial position.

The Company is not exposed to any externally imposed capital requirements.

37. TRANSACTIONS WITH RELATED PARTIES

37.1 The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the Company and its holding company and post employment benefit plans (Gratuity Fund and Provident Fund). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
<th>Holding Company</th>
<th>Other related parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year ended March 31, 2018</td>
<td>Purchase of goods</td>
<td>6,617,209</td>
<td>38,615,446</td>
</tr>
<tr>
<td></td>
<td>Purchase of property, plant and equipment</td>
<td>1,485</td>
<td>299,029</td>
</tr>
<tr>
<td></td>
<td>Purchase of intangible assets</td>
<td>1,698</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Sale of goods</td>
<td>-</td>
<td>147,157</td>
</tr>
<tr>
<td></td>
<td>Insurance premium</td>
<td>-</td>
<td>544,954</td>
</tr>
<tr>
<td></td>
<td>Insurance claims</td>
<td>-</td>
<td>73,734</td>
</tr>
<tr>
<td></td>
<td>Technical assistance and training charges</td>
<td>49,052</td>
<td>33,497</td>
</tr>
<tr>
<td></td>
<td>Key management personnel remuneration</td>
<td>-</td>
<td>221,693</td>
</tr>
<tr>
<td></td>
<td>Dividend paid</td>
<td>1,251,185</td>
<td>740,795</td>
</tr>
<tr>
<td>For the year ended March 31, 2017</td>
<td>Purchase of goods</td>
<td>5,456,508</td>
<td>25,702,424</td>
</tr>
<tr>
<td></td>
<td>Purchase of property, plant and equipment</td>
<td>74,516</td>
<td>701,670</td>
</tr>
<tr>
<td></td>
<td>Purchase of intangible assets</td>
<td>16,017</td>
<td>11,156</td>
</tr>
<tr>
<td></td>
<td>Sale of goods</td>
<td>-</td>
<td>155,242</td>
</tr>
<tr>
<td></td>
<td>Insurance premium</td>
<td>-</td>
<td>341,566</td>
</tr>
<tr>
<td></td>
<td>Insurance claims</td>
<td>-</td>
<td>34,322</td>
</tr>
<tr>
<td></td>
<td>License fee</td>
<td>209,802</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Technical assistance and training charges</td>
<td>23,592</td>
<td>18,074</td>
</tr>
<tr>
<td></td>
<td>Key management personnel remuneration</td>
<td>-</td>
<td>158,267</td>
</tr>
<tr>
<td></td>
<td>Dividend paid</td>
<td>509,794</td>
<td>307,798</td>
</tr>
</tbody>
</table>

37.2 The names of related parties with whom the Company has entered into transactions or had agreements/arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Basis of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlas Autors (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>The Atlas Foundation</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Atlas Metals (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Atlas Power Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Honda Motor (China) Co., Ltd.</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda Parts Manufacturing Corporation - Philippines</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda R&amp;D Asia Pacific Co., Ltd.</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda Trading China Co., Ltd</td>
<td>Group company</td>
</tr>
<tr>
<td>Shanghai Honda Trading Co., Ltd</td>
<td>Group company</td>
</tr>
<tr>
<td>Shirazi Trading Company (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Honda Autoparts Manufacturing M. Sdn. Bhd. - Malaysia</td>
<td>Group company</td>
</tr>
</tbody>
</table>

38. PLANT CAPACITY AND ACTUAL PRODUCTION

The Company has a capacity of producing 50,000 motor vehicles per annum. Due to overwhelming demand of certain products, during the current year, the Company has commenced double shift for the whole year that has resulted in over-utilisation of the plant and consequently, production has exceeded normal capacity.

<table>
<thead>
<tr>
<th>Number</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor vehicles</td>
<td>50,000</td>
<td>50,177</td>
</tr>
</tbody>
</table>

The capacity of producing 50,000 motor vehicles per annum is in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Basis of relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlas Autors (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>The Atlas Foundation</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Atlas Metals (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Atlas Power Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Honda Motor (China) Co., Ltd.</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda Parts Manufacturing Corporation - Philippines</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda R&amp;D Asia Pacific Co., Ltd.</td>
<td>Group company</td>
</tr>
<tr>
<td>Honda Trading China Co., Ltd</td>
<td>Group company</td>
</tr>
<tr>
<td>Shanghai Honda Trading Co., Ltd</td>
<td>Group company</td>
</tr>
<tr>
<td>Shirazi Trading Company (Private) Limited</td>
<td>Common directorship</td>
</tr>
<tr>
<td>Honda Autoparts Manufacturing M. Sdn. Bhd. - Malaysia</td>
<td>Group company</td>
</tr>
</tbody>
</table>

39. NUMBER OF EMPLOYEES

The total number of employees of the Company as at March 31, 2018, were 1,278 and 2,023 respectively.

40. DISCLOSURES RELATING TO PROVIDENT FUND

<table>
<thead>
<tr>
<th>Size of the Fund</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of the Fund</td>
<td>457,995</td>
<td>394,135</td>
</tr>
<tr>
<td>Cost of investments made</td>
<td>382,913</td>
<td>34,560</td>
</tr>
<tr>
<td>Fair value of investments</td>
<td>221,693</td>
<td>155,242</td>
</tr>
<tr>
<td>Percentage of investments made</td>
<td>92.05%</td>
<td>91.05%</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

40.1 Breakup of fair value of investments out of Provident Fund

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Rupees (in thousand)</th>
<th>% of Investment</th>
<th>Rupees (in thousand)</th>
<th>% of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds</td>
<td>139,854</td>
<td>33.17%</td>
<td>133,994</td>
<td>37.34%</td>
</tr>
<tr>
<td>Government securities</td>
<td>79,143</td>
<td>18.77%</td>
<td>117,212</td>
<td>32.66%</td>
</tr>
<tr>
<td>Bank balances</td>
<td>199,049</td>
<td>47.21%</td>
<td>103,204</td>
<td>28.76%</td>
</tr>
<tr>
<td>Term Finance Certificates</td>
<td>3,555</td>
<td>0.85%</td>
<td>6,446</td>
<td>1.24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>421,601</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>358,856</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The figures for 2018 are based on the unaudited financial statements of the employees' provident fund. The investments in collective investment schemes, listed equity and listed debt securities out of aforementioned fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

41. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

<table>
<thead>
<tr>
<th>Rupees in thousand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custom duty payable previously included in 'Others' under 'Trade and other payables' now separately presented under 'Trade and other payables'</td>
</tr>
<tr>
<td>'Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position</td>
</tr>
<tr>
<td>Receivable from dealers against sale of spare parts previously offset in 'Trade and other payables' now included in 'Trade debts'</td>
</tr>
</tbody>
</table>

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on May 15, 2018 by the Board of Directors of the Company.

44. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

44.1 The Board of Directors of the Company have proposed a final cash dividend for the year ended March 31, 2018 of Rs 22.75 per share amounting to Rs 3,248.70 million and a transfer of Rs 2,600 million from 'Un-appropriated profit' to 'General reserve' at their meeting held on May 15, 2018 for approval of the members at the Annual General Meeting to be held on June 28, 2018. These financial statements do not include the effect of the above appropriations which will be accounted for in the period in which they are approved.

44.2 Through the Finance Bill 2018 announced on April 27, 2018 that is subject to Parliament’s approval and President’s assent, the rate of tax on undistributed profits referred to in note 30.3 has been proposed to be reduced from 7.5% to 5% for Tax Year 2019. Moreover, minimum distribution for the levy of this tax has been proposed to be reduced from 40% to 20% and for this purpose, bonus shares will not be considered as part of distribution. Further, super tax has been proposed to be extended for the Tax Years 2018 to 2020. In the Company’s case, the super tax for Tax Year 2018 amounts to Rs 267.50 million that will be accounted for in the subsequent period when it is enacted.
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 26th Annual General Meeting of shareholders of Honda Atlas Cars (Pakistan) Limited will be held on Thursday, June 28, 2018 at 10:30 a.m. at Falletti’s Hotel, 24-Egerton Road, The Mall, Lahore to transact the following business:

1. To confirm the minutes of the Extra Ordinary General Meeting held on April 26, 2018,
2. To approve and adopt the annual audited financial statements for the year ended March 31, 2018 together with the Directors’ and Auditors’ reports thereon,
3. To approve 41.8% (Rs. 4.18 per share) cash dividend paid in July 2017 for the year ended March 31, 2017,
4. To approve cash dividend @ 227.5% (Rs. 22.75 per share) for the year ended March 31, 2018,
5. To appoint Auditors for the next financial year and fix their remuneration.

SPECIAL BUSINESS:

6. To approve remuneration of Chairman & Executive Directors for the year 2018-19 and adopt the following resolution:

“The remuneration of Chairman (Non-executive Director) amounting to Rs. 40.6 million (2017-18: Rs. 33.55 million) which includes allowances and other benefits be and is hereby approved for the year ending March 31, 2019.”

“The remuneration of President/CEO amounting to Rs. 14.4 million (2017-18: Rs. 14.4 million) and one full-time director for Rs. 14.1 million (2017-18: Rs. 15.1 million) which includes allowances and other benefits, be and is hereby approved for the year ending March 31, 2019”

7. To consider and approve the transactions carried out with related parties in the normal course of business and approve the following resolutions:

“RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in respective notes to the audited financial statements for the year ended March 31, 2018 be and are hereby ratified and approved.”

“FURTHER RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions to be carried out in normal course of business with associated companies during the ensuing year ending March 31, 2019 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents indentures as may be required in this regard on behalf of the Company.”

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

By order of the Board

Lahore: June 06, 2018

(Maqsood ur Rehman Rehmani)
Company Secretary & Vice President (Admin.)
کالمینگ کا نصیر اسیس (HR & R)

کہ ہم کاردار کا رہنمایی کریں گے ہمیں کہ HR & R کا کردار کہاں کہ کہاں ہو گا۔

کہ ہم کاردار کا رہنمایی کریں گے ہمیں کہ HR & R کا کردار کہاں کہ کہاں ہو گا۔

کہ ہم کاردار کا رہنمایی کریں گے ہمیں کہ HR & R کا کردار کہاں کہ کہاں ہو گا۔

کہ ہم کاردار کا رہنمایی کریں گے ہمیں کہ HR & R کا کردار کہاں کہ کہاں ہو گا۔

کہ ہم کاردار کا رہنمایی کریں گے ہمیں کہ HR & R کا کردار کہاں کہ کہاں ہو گا۔
لا يمكنني قراءة النص العربي من الصورة.
We have been fortunate to have such a diverse range of stakeholders and partners who have contributed to our success. We aim to continue building strong relationships with all of them.

God bless the blissful
Management / Company’s Structure

Review Reports

Financial Analysis

Auditors’ Report & Accounts

Status of Meeting / Reports

HONDA ANNUAL REPORT 2018

EXPLODING NEW DIMENSIONS OF PROGRESS

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HONDA ANNUAL REPORT 2018

EXPLODING NEW DIMENSIONS OF PROGRESS

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FORM OF PROXY
FOR THE YEAR ENDED MARCH 31, 2018

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

I/we
of
being member of Honda Atlas Cars Pakistan Ltd.,
having Folio No. / CDC Participant ID No. _______ and having _______ number of shares, hereby appoint
Mr./Ms. ____________ of
who is also a member of the Company having Folio No. / CDC Participant ID No. _______ and number of shares, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, June 28, 2018 at 10:30 a.m. at Faletti’s Hotel, 24-Eagan Road, The Mall, Lahore and at any adjournment thereof.

Signed this _______ day of _______ 2018.

Witness 1:
Signed:
Name:
Address:
CNIC / Passport No.: 

Witness 2:
Signed:
Name:
Address:
CNIC / Passport No.: 

Signature of Shareholder

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

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

DIVIDEND MANDATE FORM

This is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, we request you, being the registered shareholder of Honda Atlas Cars (Pakistan) Limited, to hereby authorize the Company to directly credit your cash dividends if any, declared by the Company in future directly in your bank account.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT, THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANT.

Do you wish the future cash dividend declared by the Company, if any, is directly credited in your bank account instead of issue of dividend warrants? Please tick “✓” any of the following boxes:

[ ] YES [ ] NO

In case of “YES”, please provide the following information:

<table>
<thead>
<tr>
<th>SHAREHOLDER DETAIL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of Bank Account</td>
</tr>
<tr>
<td>Bank Account Number</td>
</tr>
<tr>
<td>Bank’s Name</td>
</tr>
<tr>
<td>Branch Code, Name &amp; Address</td>
</tr>
<tr>
<td>Cell number of shareholder</td>
</tr>
<tr>
<td>Landline number of shareholder if any,</td>
</tr>
<tr>
<td>CNIC number (enclose attested copy also)</td>
</tr>
<tr>
<td>Passport No. (in case foreign shareholder)</td>
</tr>
</tbody>
</table>

It is stated that the above mentioned information is correct and confirmed, I shall immediately inform the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as it occurs.

Signature of Shareholder ________________________________

Name ________________________________ S/O, D/O, W/O ________________________________

Folio - CDC A/c No. ________________________________

NOTE: Shareholders having physical shares are requested to please submit the Dividend Mandate Form duly completed to the Share Registrar/Company. In case of CDC account holder, please submit this Mandate Form to the concerned Participant/Broker.
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- Online Quizzes

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