

Organisation
development
through
self development



 Atlas Honda Limited



Vision

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



Mission

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

Strategic Goals



Customer

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

Quality

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

Local Manufacturing

To be the industry leader in indigenization of motorcycle parts.

Technology

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

Shareholders

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

Employees

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

Corporate Citizen

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

Code of Ethics



Business principles

- Compliance with business principles is an essential element.
- The Board of Directors is responsible for ensuring that principles are communicated to and understood and observed by all employees.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by Audit Committee of the Board. The Board of Atlas Honda Limited (AHL) expects employees to bring to their attention, or to that of senior management, any breach of these principles.

Honesty, integrity and openness

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

Corporate governance

- Operations in accordance with principles of good corporate governance.
- Supply of timely, regular and reliable information to all shareholders.

Code of Ethics *Continued...*

Relations with stakeholders

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

Corporate citizen

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

Environmental

- Continuous improvements in the management of environmental impact.
- Works in partnership with others to promote environmental issues and disseminate good practice.

Innovation

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

Competition

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

Quality Policy



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

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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive Officer	Saqib H. Shirazi
Directors	Masahiro Takedagawa Nurul Hoda Osamu Ishikawa Sanaullah Qureshi Sherali Mundrawala Takatoshi Akiyoshi
Company Secretary	Rashid Amin

AUDIT COMMITTEE

Chairman	Sanaullah Qureshi
Members	Sherali Mundrawala Nurul Hoda
Head of Internal Audit	Zaheer Ul Haq
Secretary	Syed Tanvir Hyder

MANAGEMENT COMMITTEE

Chief Executive Officer	Saqib H. Shirazi
Vice President Marketing	Nurul Hoda
Vice President Technical	Osamu Ishikawa
Chief Financial Officer	Suhail Ahmed
General Manager Plants	Muhammad Khalid Aziz
General Manager Quality Assurance	Sultan Ahmed
General Manager Development	Takatoshi Akiyoshi
General Manager Human Resources	Raffat Iqbal
General Manager Information Technology	Mushtaq Alam
General Manager Marketing	Javed Afghani
General Manager Planning & Commercial	Amir Ali Bawa
General Manager Supply Chain	Shakeel Mirza
General Manager Engineering & Projects	Afaq Ahmed

COMPANY INFORMATION

AUDITORS

Hameed Chaudhri & Co.

LEGAL ADVISORS

Agha Faisal - Barrister at Law
Mohsin Tayebaly & Co.

TAX ADVISOR

Ford Rhodes Sidat Hyder & Co.

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel : (92-42) 7235081-82
Fax : (92-42) 7358817

LENDING INSTITUTIONS

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

BANKERS

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

REGISTERED OFFICE

1-McLeod Road, Lahore-54000
Tel : (92-42) 7225015-17, 7233515-17
Fax : (92-42) 7233518, 7351119
E-mail : ahl@atlas.com.pk
Website: www.atlashonda.com.pk

FACTORIES

F-36, Estate Avenue, S.I.T.E., Karachi-75730
Tel : (92-21) 2575561-65 Fax : (92-21) 2563758
E-mail : ahl@atlas.com.pk

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

BRANCH OFFICES

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

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

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

SHOW ROOM

West View Building, Preedy Street, Saddar, Karachi
Tel : (92-21) 2720833, 2727607

SPARE PARTS DIVISION

D-181/A, S.I.T.E., Karachi-75730
Tel : (92-21) 2576690

WARRANTY & TRAINING CENTRES

7-Pak Chambers, West Wharf Road, Karachi
Tel : (92-21) 2310142

28 Mozang Road, Lahore Tel : (92-42) 6375360, 6303366

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

SHAREHOLDERS' INFORMATION

Registered Office

1-McLeod Road
Lahore

Tel: 92-42-7225015-17

92-42-7233515-17

Fax: 92-42-7233518, 92-42-7351119

Listing on Stock Exchanges

Atlas Honda Limited is listed on Karachi and Lahore Stock Exchanges

Listing Fees

The annual listing fees for the financial year 2008-09 have been paid to the Karachi and Lahore stock exchanges and Central Depository Company within the prescribed time limit.

Stock Code

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

Statutory Compliance

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

Annual General Meeting

Date: September 27, 2008

Time: 11:00 A.M.

Venue: Registered Office at 1-McLeod Road, Lahore

Financial Calendar

Audited annual results for year ending June 30, 2008
- First half of September

Mailing of annual reports
- First half of September

Annual General Meeting
- End of September

Unaudited first quarter financial results
- Second half of October

Unaudited second quarter financial results
- Second half of February

Unaudited third quarter financial results
- Second half of April

Dividend Announcement

The board of directors of the Company has proposed a cash dividend of Rs.6.5 per share (65%) for the financial year ended June 30, 2008, subject to approval by the shareholders of the Company at the annual general meeting.

Dividend paid for the previous year ended June 30, 2007 was cash dividend Rs. 6.0 per share (60%) and Bonus shares issue at 15% i.e three bonus share for every twenty share held.

Dates of Book Closure

The register of members and shares transfer books of the Company will remain closed from September 20, 2008 to September 27, 2008 (both days inclusive).

Date of Dividend Payment

The payment of dividend upon declaration by the shareholders at the forthcoming annual general meeting, will be made on or after September 27, 2008.

Last year your company dispatched the cash dividend and bonus shares within 24 hours after approval from the shareholders at the annual general meeting.

Payment of Dividend

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

Share Transfer System

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

General Meeting

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

Proxies

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

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the company not less than forty eight hours before the meeting.

Website of the Company

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

Market Price Data

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

Months	Karachi Stock Exchange		Lahore Stock Exchange	
	High	Low	High	Low
July 07	169.75	138.70	163.40	138.50
August 07	164.00	140.00	163.95	141.50
September 07	176.90	144.50	174.70	145.00
October 07	166.00	145.00	164.15	145.50
November 07	174.55	148.00	174.55	150.00
December 07	234.65	177.00	234.65	183.25
January 08	219.90	201.10	222.95	201.10
February 08	207.00	186.30	207.00	186.30
March 08	209.00	194.00	209.00	194.00
April 08	237.00	200.00	232.05	205.00
May 08	228.90	187.00	228.90	187.00
June 08	215.00	192.81	214.00	194.75

Change of Address / E-Mail Address

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

Share Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd.

H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore

Tel : (92-42) 7235081-82

Fax : (92-42) 7358817

Corporate Social Responsibility

Contributing To Social Development

Atlas Honda embarked on a unique programme this year where it focused on that segment of the society which normally does not get much attention. The company opened a training centre at Kot Lakhpat Jail where prisoners are given training for servicing motorcycles so that they could become better citizens and turnaround their lives. Such programmes have long term implications on the social structure of the country.

Strengthening Traffic Policing

As a leading Motorcycle manufacturer, the company recognizes its responsibility towards establishing a good Traffic Policing system for which it continuously engages with specific users in order to provide them with good training. This enables the users to properly discharge their responsibilities. As the population commuting on motorcycles is increasing, challenges on Traffic Management System are also rising. The company trainers frequently visit the Traffic police training institute to provide them with all the relevant training and education so that they can disseminate safe riding practices on the field to the citizens.



Honda Training centre at Kot Lakhpat Jail Punjab



Lady Traffic Wardens at a training session conducted by Atlas Honda in Punjab Traffic Police.

Protecting Occupational Health and Employee Safety

Maintaining employee health, safety and security at workplace is of utmost importance which is described in the company's EHS & S Policy. For that matter, frequent drills and mock evacuation exercises are conducted at plants to ensure that employees are completely aware of the procedures to adopt and their responsibilities in case any "Trigger" occurs. Employees at the lowest level of management are encouraged to suggest the Best Practices that encourage safe methods of conducting their duties. The best among them are rewarded in recognition of their performance.



An EHS & S Committee member briefs employees how to handle Cardio pulmonary resuscitation.

Driving Safety Awareness and Education

The safety and security of the customers is the company's objective. To ensure its achievement, the company's trainers visit schools and colleges and educate pupils using Atlas Honda products about safe riding skills. It shows the company's resolve to protect citizen's life on the road. The company frequently educates the public through different mediums on driving safely through the roads, telling them the "do's and don'ts" of motorcycle riding.



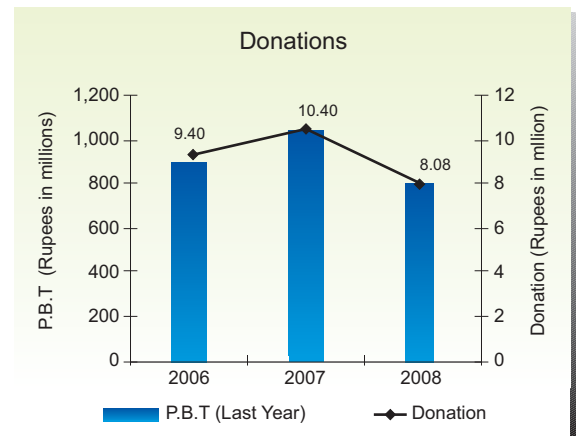
Training on safety riding skills in progress.

Donating to Social Welfare

As a responsible corporate citizen, the company's shareholders have approved a policy of contributing 1% of the company's profit before tax of the previous period to be contributed as a donation in various philanthropic activities. The amount received in this respect is spent on various Health and Educational institutions providing free facilities to poor and the needy segments of the society.

Encouraging Community Sports

Sporting events are held by Atlas Honda in different locations to promote healthy activities in the society. People are encouraged to participate and compete in such sports so that young talented players get encouragement. Atlas Honda organized Ayub and Matloob Baig hockey tournament in 2008 where teams at the district level participated. In this way Atlas Honda patronized the competency and skills of hockey players in the community so that they get the due encouragement for their efforts.



Environmental Policy



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

SUSTAINING THE ENVIRONMENT

As an important part of the society, Atlas Honda continues to act as a good Corporate Citizen discharging its responsibility to the society, business partners, the government and increasingly important towards the environment. In today's corporate environment, Atlas Honda has taken an advanced ethical approach. It recognizes that it is not only the shareholders of the company whose interest has to be watched but instead a wider stakeholder perspective has to be taken for the success of the company.

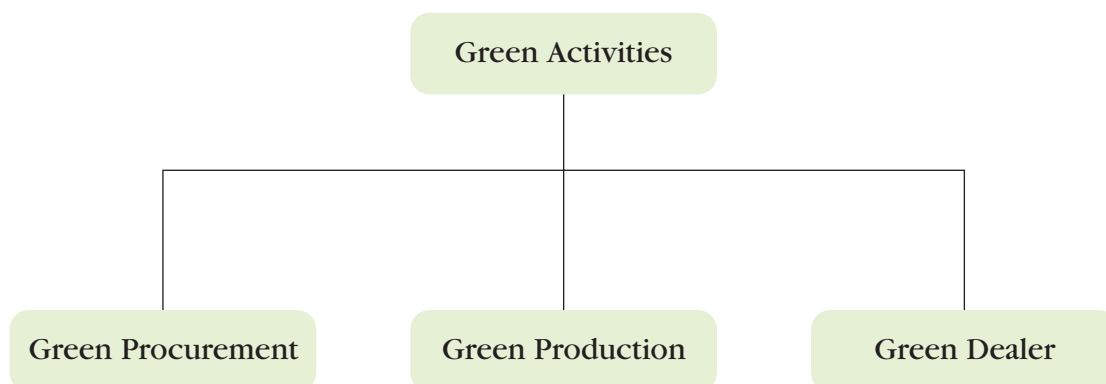
Conserving the environment has an important place in the strategy of the company. To achieve its objective of cleaner production technologies and products, the company has taken a number of initiatives throughout its value chain (Green Procurement, Green Production and Green Dealership).

In line with the Policy, the company has following detailed objectives:

Assessment of and policy on the environmental impact of Atlas Honda activities

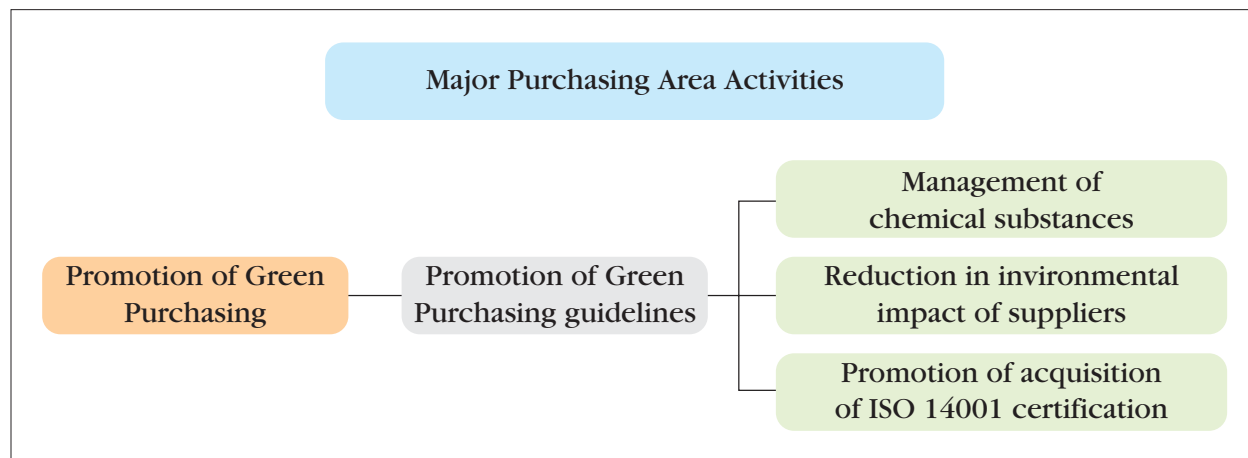
Area	Emissions causing environmental burden	Environmental impact	Major Goals
Product development	CO ₂ Exhaust gas Noise	Environmental issues affecting the entire planet	<ul style="list-style-type: none"> • Cleaner exhaust gas • Fuel economy improvements • Noise reduction • Improvements in recyclability
Purchasing	CO ₂ Waste Wastewater Exhaust gas Noise	Global warming Ozone layer destruction Natural resource depletion	<ul style="list-style-type: none"> • Promotion of Green Procurement
Production	Chemical substances		<ul style="list-style-type: none"> • Promotion of Green Factories
Transportation	CO ₂ Waste	Air pollution	<ul style="list-style-type: none"> • Promotion of Green Logistics
Sales	Replacement parts CFC12, HFC134a Waste	Waste	<ul style="list-style-type: none"> • Promotion of Green Dealers
Recycling of resources for products (3Rs)	End-of-life products	Water Pollution Soil pollution Noise	<ul style="list-style-type: none"> • Increasing the recovery, recycling and reuse of parts • Technical support for the proper disposal and recycling of end-of-life products
Administration	CO ₂ Waste	Regional environmental issues	<ul style="list-style-type: none"> • Promotion of Green Offices

The above detailed objectives focus on three areas of the company's activity



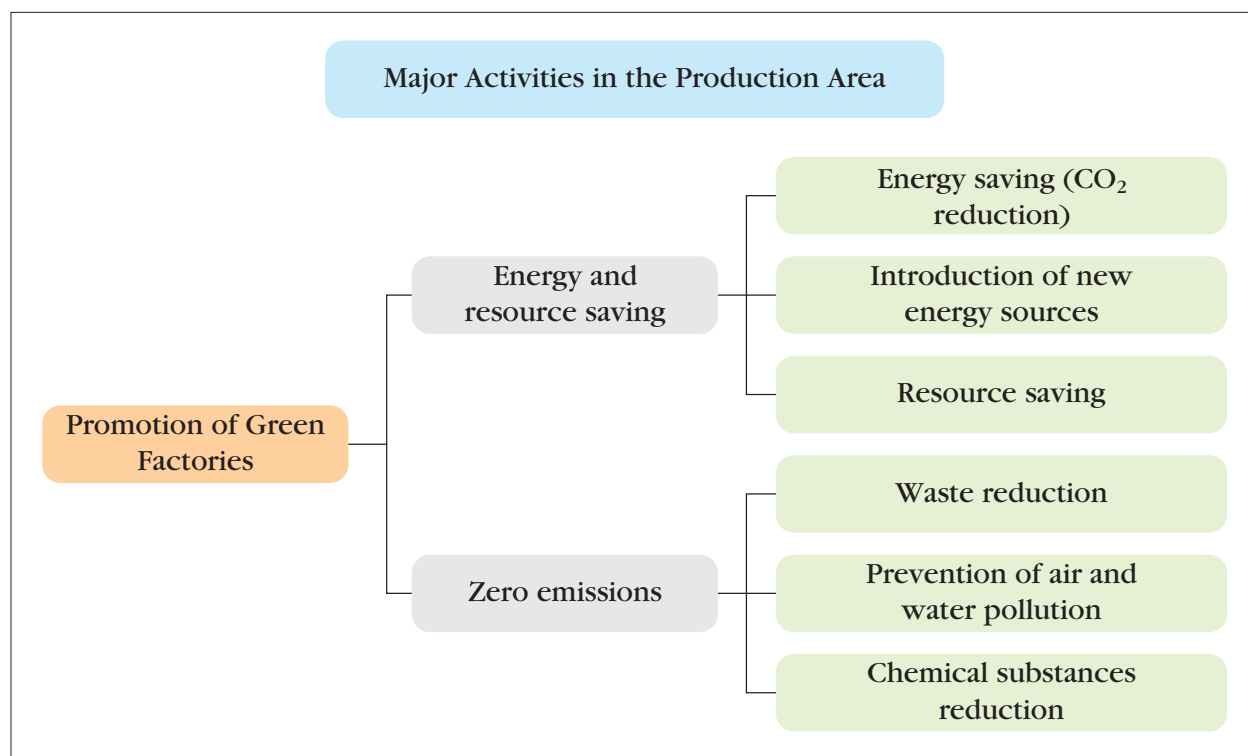
Green procurement

The emphasis here is on the reduction in the usage of chemical substances such as Chromium 6 in the products being purchased from vendors. This is done to maintain good human health and preserve the environment. Substances with environmental load that may come into contact with the user are being minimized. Vendors are encouraged to acquire ISO 14001 certification relating to Environment Management Systems (EMS).



Green production

The company strives for Eco efficient production processes at its manufacturing facilities. Green production has two focal points. The first emphasizing on energy and resource saving and the second concentrating on zero emissions.

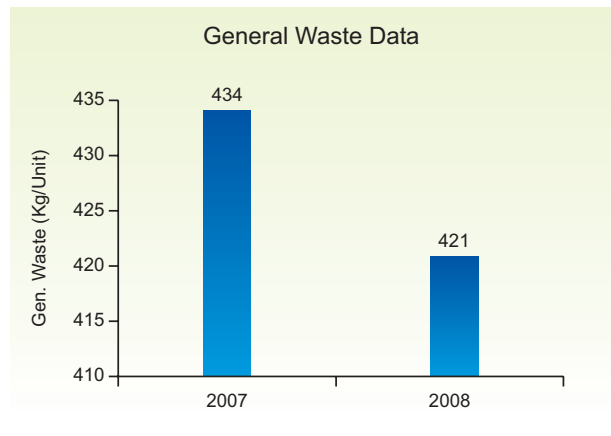


There are several successful examples to illustrate the company's commitment.

- The use of Energy efficient variable speed drive compressors resulted in savings of 12,960 KWH/Month.
- Gas Generator installation contributed to reduced Carbon dioxide emission from 0.0687 Kg/MJ to 0.0494 Kg/MJ.
- Natural illuminators in 500k Plant saved 36 KHW/Day. Additionally new waste water treatment plant with a capacity of 1,000 cubic meter/Day has been installed. It has been designed on the values half of that of NEQS Standards. AHL is the first company in the two wheeler industry to do this.



Waste water treatment plant



The reduction and substitution of environmental hazardous materials such as Chromium 6 Lead, Cadmium and Mercury is at the centre of the company's strategy to ensure a "Green Product". As part of the green production policy, the company is committed to

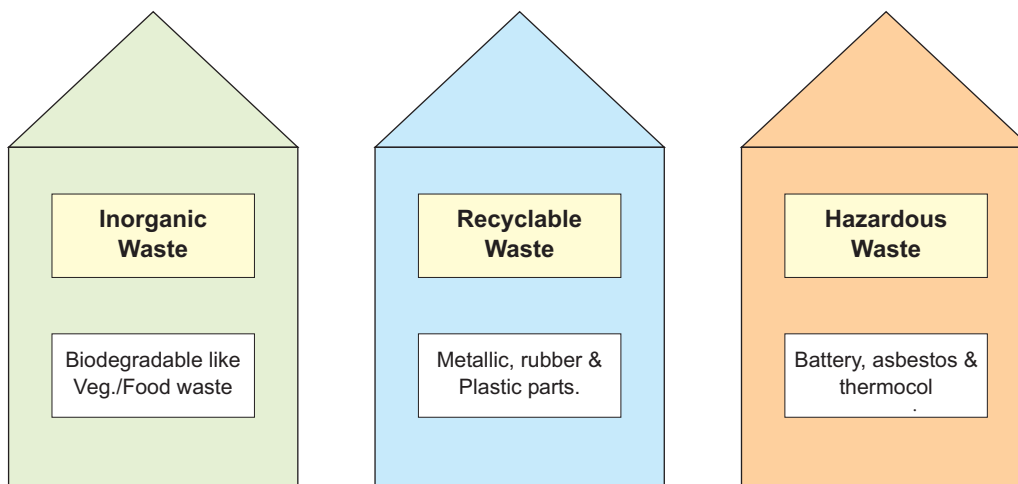
- 1) Initiate and extend environmental improvement activities from company itself to its business partners including parts manufacturers, dealers and other business partners.
- 2) For human health preservation, the company is making efforts at the stage of usage and maintenance to optimize the applicable raw materials and plan to minimize its impact on environment.
- 3) For environment preservation, Atlas Honda has minimized the environmental pollution at the time of the disposals.

Green dealer

This involves extending environment friendly activities in sales and distribution activities of the company. The effort has led to the manifestation of green dealer concept. The objective is to control the discharge of waste and pollutants at the dealer end. This will significantly contribute towards the objective of sustainable services to the customers by the dealers. Proper segregation of waste among inorganic, recyclable and hazardous waste, installation of exhaust systems while servicing motorcycles and reducing noise pollution for the people working in and around the service area are some examples of the initiatives undertaken by the company for controlling environmental impact of its sales and distribution activities.

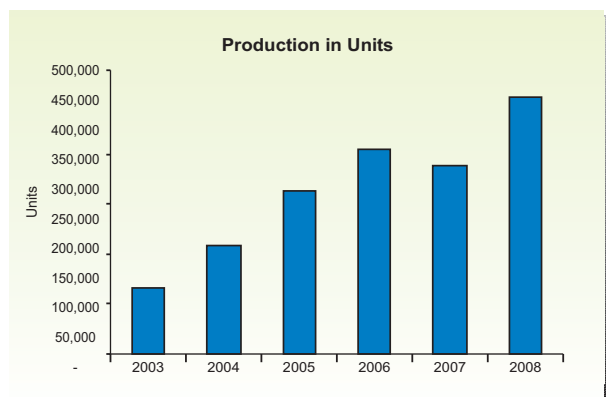
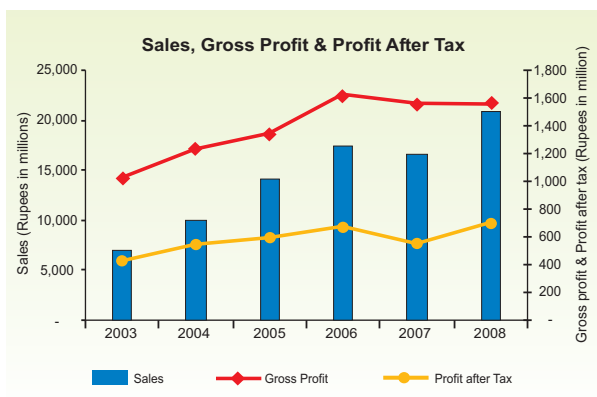
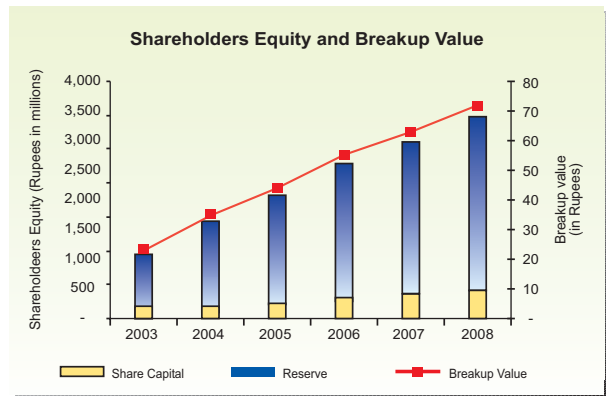
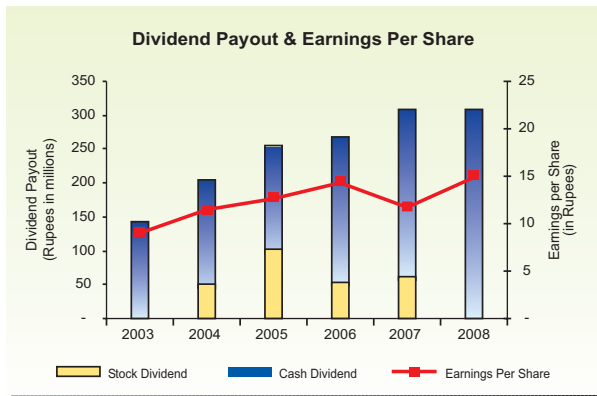
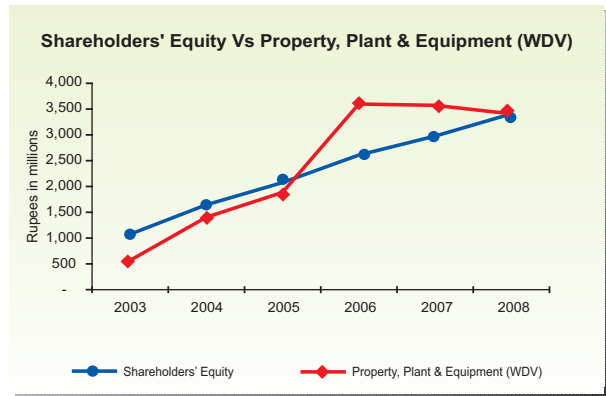
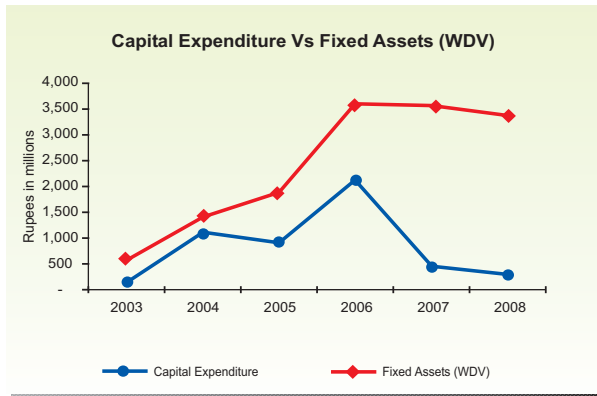
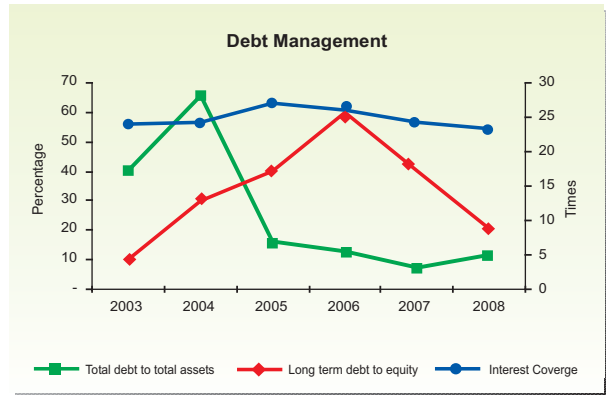
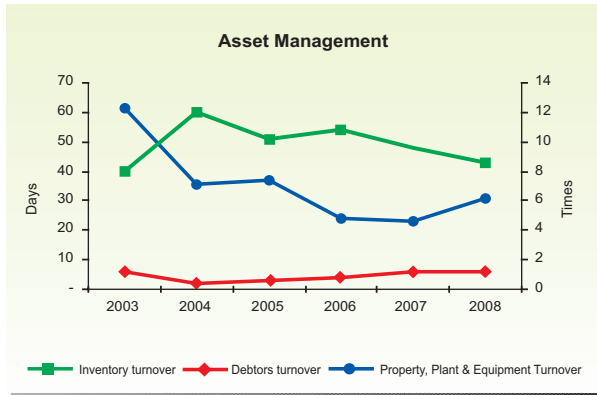


All dealers are required to install Motorcycle Exhaust gases Ducting System in their workshops.



Three bins in a workshop for segregation of the defective replaced parts in the Workshop.

GRAPHICAL PRESENTATION OF FINANCIAL INFORMATION



TEN YEARS AT A GLANCE

(Rupees in million)

YEARS	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Condensed Balance Sheet										
Assets										
Non Current Assets										
Property, plant & equipment	3,391.4	3,591.2	3,627.8	1,907.5	1,405.6	566.1	536.0	450.7	490.3	366.7
Other non current assets	27.6	80.6	28.1	18.0	15.1	15.7	22.5	22.6	16.0	20.1
Current Assets:										
Inventory	2,279.6	1,988.6	2,317.1	1,794.1	1,429.6	650.2	500.3	569.0	443.5	410.0
Investments & bank balances	1,881.4	1,784.5	1,009.4	1,842.5	751.5	1,021.0	406.8	159.3	252.4	186.2
Other current assets	1,124.6	591.9	647.8	529.2	510.1	404.1	366.0	285.6	217.1	242.2
Total Assets	8,704.6	8,036.8	7,630.2	6,091.3	4,111.9	2,657.1	1,831.6	1,487.2	1,419.3	1,225.2
Equity & Liabilities										
Share capital	473.0	411.3	357.6	255.5	204.4	204.4	204.4	146.0	146.0	146.0
Reserves	2,931.2	2,564.5	2,251.3	1,822.8	1,441.3	872.2	587.9	498.4	439.0	408.0
Non current liabilities	1,268.5	1,668.7	2,009.8	1,124.8	584.1	172.3	113.8	156.8	208.7	160.1
Current Liabilities:										
Creditors & provisions	3,297.1	2,828.2	2,478.3	2,369.2	1,570.1	990.0	591.0	476.4	394.0	336.1
Other current liabilities	734.8	564.1	533.2	519.0	312.0	418.2	334.5	209.6	231.6	175.0
Total Equity & Liabilities	8,704.6	8,036.8	7,630.2	6,091.3	4,111.9	2,657.1	1,831.6	1,487.2	1,419.3	1,225.2
Condensed Profit & Loss Account										
Sales	20,855.5	16,608.4	17,420.2	14,120.8	9,948.1	6,977.4	5,524.0	4,704.5	3,397.4	3,424.9
Cost of sales	19,299.0	15,044.6	15,790.5	12,776.7	8,713.9	5,949.6	4,788.5	4,246.1	3,044.5	3,027.8
Gross profit	1,556.5	1,563.8	1,629.7	1,344.1	1,234.2	1,027.8	735.5	458.4	352.9	397.1
Operating expenses	495.2	580.8	528.4	445.2	360.2	360.0	322.4	237.8	199.0	179.8
Operating profit	1,061.3	983.0	1,101.3	898.9	874.0	667.8	413.1	220.6	153.9	217.3
Other charges (net of other income)	57.1	179.5	54.3	(6.7)	31.5	16.9	18.6	17.7	52.1	36.0
Profit before tax	1,004.2	803.5	1,047.0	905.6	842.5	650.9	394.5	202.9	101.8	181.3
Taxation	301.2	249.9	370.2	308.5	297.8	223.5	124.0	85.1	41.7	57.6
Profit after taxation	703.0	553.6	676.8	597.1	544.7	427.4	270.5	117.8	60.1	123.7

TEN YEARS AT A GLANCE

(Rupees in million)

YEARS		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Profitability Ratios											
Gross profit	(%)	7.5	9.4	9.4	9.5	12.4	14.7	13.3	9.7	10.4	11.6
Profit before tax	(%)	4.8	4.8	6.0	6.4	8.5	9.3	7.1	4.3	3.0	5.3
Profit after tax	(%)	3.4	3.3	3.9	4.2	5.5	6.1	4.9	2.5	1.8	3.6
Return on capital employed	(%)	24.6	20.9	24.6	30.4	38.3	53.6	44.5	16.7	8.8	20.7
Interest cover ratio	(Times)	5.0	3.1	5.5	6.9	28.1	17.2	11.2	3.6	2.0	3.2
Earnings before interest, tax, depreciatoin & amortisation (EBITDA)	(Rs in million)	1,631.0	1,537.2	1,586.5	1,373.2	1,119.7	761.1	492.6	294.1	188.5	243.9
EBITDA Margin	(%)	7.8	9.3	9.1	9.7	11.3	10.9	8.9	6.3	5.5	7.1
Return to Shareholders											
ROE - before tax	(%)	29.5	27.0	40.1	43.6	51.2	60.5	49.8	31.5	17.4	32.7
ROE - after tax	(%)	20.7	18.6	25.9	28.7	33.1	39.7	34.1	18.3	10.3	22.3
EPS - after tax	(Rs)	14.9	11.7	14.3	12.6	11.5	9.0	5.7	2.5	1.3	2.6
Price Earning Ratio	(Times)	14.1	13.5	15.5	24.2	15.2	8.9	7.0	10.0	15.2	7.4
Market Price (June 30)	(Rs)	210.0	158.0	221.1	305.0	175.0	80.0	40.1	25.0	19.3	19.3
Break up value per share	(Rs)	72.0	62.9	55.2	43.9	34.8	22.8	16.8	13.6	12.4	11.7
Dividend											
Cash dividend	(Rs)	6.5	6.0	6.0	6.0	7.5	7.0	6.0	4.0	2.0	3.5
Stock dividend	(Rs)	-	1.5	1.5	4.0	2.5	-	-	4.0	-	-
Dividend yield	(%)	3.1	4.7	3.4	3.3	5.7	8.8	15.0	32.0	10.4	18.2
Dividend cover	(Times)	2.3	1.6	1.9	1.3	1.2	1.3	1.0	0.3	0.6	0.7
Dividend pay out	(%)	43.7	55.7	39.6	42.8	39.0	33.5	45.3	99.2	48.6	41.3
Asset Utilization											
Total assets turnover	(Times)	2.4	2.1	2.3	2.3	2.4	2.6	3.0	3.2	2.4	2.8
Fixed assets turnover	(Times)	6.1	4.6	4.8	7.5	7.1	12.3	10.3	10.4	6.9	9.3
Inventory turnover	(Times)	9.1	7.6	6.7	7.1	6.1	9.1	9.6	7.5	7.7	7.4
Debtor turnover	(Times)	51.2	58.9	62.1	101.1	141.5	140.4	33.2	109.9	85.6	122.8
Capital employed turnover	(Times)	5.1	4.1	4.1	4.7	4.8	6.5	7.0	7.3	5.8	6.2
Working Capital Cycle											
Inventory holding period	(Days)	43	48	54	51	60	40	38	49	53	49
Trade debtors period	(Days)	6	6	4	3	2	6	7	3	4	2
Creditors period	(Days)	(57)	(65)	(54)	(55)	(49)	(47)	(41)	(36)	(43)	(52)
Working capital cycle	(Days)	(8)	(11)	4	(1)	13	(1)	4	16	14	(1)
Liquidity/ Leverage											
Current Ratio	(Times)	1.31	1.29	1.32	1.44	1.43	1.47	1.38	1.48	1.46	1.64
Quick Ratio	(Times)	0.75	0.70	0.55	0.82	0.62	1.03	0.90	0.68	0.73	0.86
Long Term debts to Equity	(Times)	0.2	0.4	0.6	0.4	0.3	0.1	0.1	0.1	0.3	0.2
Total Liabilities to Equity	(Times)	1.6	1.7	1.9	1.9	1.8	1.5	1.3	1.3	1.4	1.2

ANALYSIS OF FINANCIAL STATEMENTS BALANCE SHEET

Particulars	2008	2007	2006	Vertical Analysis Composition of Balance			Horizontal Analysis % Change Year to Year		
				2008	2007	2006	2008 vs 2007	2007 vs 2006	2006 vs 2005
	(Rupees in '000)			%	%	%	%	%	%
NON CURRENT ASSETS									
Property, plant & equipment	3,376,605	3,566,931	3,598,732	38.8	44.4	47.2	-5.3	-0.9	90.5
Intangible asset	14,813	24,324	29,090	0.2	0.3	0.4	-39.1	-16.4	55.4
Investments - Available for sale	-	51,761	-	0.0	0.6	0.0	-100.0	100.0	0.0
Long term loans and advances	14,043	12,943	17,097	0.2	0.2	0.2	8.5	-24.3	40.5
Long term deposits and prepayments	13,503	15,900	11,027	0.2	0.2	0.1	-15.1	44.2	90.6
TOTAL NON-CURRENT ASSETS	3,418,964	3,671,859	3,655,946	39.3	45.7	47.9	-6.9	0.4	89.9
CURRENT ASSETS									
Stores, spares and loose tools	417,564	407,730	379,380	4.8	5.1	5.0	2.4	7.5	67.5
Stock in trade	1,862,069	1,580,925	1,937,675	21.4	19.7	25.4	17.8	-18.4	23.6
Trade debts	407,354	282,249	280,448	4.7	3.5	3.7	44.3	0.6	100.7
Loans and advances	39,354	20,553	51,360	0.5	0.3	0.7	91.5	-60.0	37.7
Trade deposits and prepayments	223,229	5,075	2,998	2.6	0.1	0.0	4298.6	69.3	-55.9
Investments at fair value through P&L	1,377,300	864,989	327,317	15.8	10.8	4.3	59.2	164.3	-20.2
Accrued markup / interest	812	90	543	0.0	0.0	0.0	802.2	-83.4	-68.7
Other receivables	453,867	283,552	312,410	5.2	3.5	4.1	60.1	-9.2	-9.1
Cash and bank balances	504,138	919,623	682,088	5.8	11.4	8.9	-45.2	34.8	-52.4
TOTAL CURRENT ASSETS	5,285,687	4,364,786	3,974,219	60.7	54.3	52.1	21.1	9.8	-4.6
TOTAL ASSETS	8,704,651	8,036,645	7,630,165	100.0	100.0	100.0	8.3	5.3	25.3
EQUITY & LIABILITIES									
SHARE CAPITAL & RESERVES									
Share capital	472,985	411,291	357,644	5.4	5.1	4.7	15.0	15.0	40.0
Reserves	2,227,118	2,009,004	1,586,118	25.6	25.0	20.8	10.9	26.7	31.7
Unappropriated profit	704,066	555,526	665,168	8.1	6.9	8.7	26.7	-16.5	7.5
TOTAL SHARE CAPITAL & RESERVES	3,404,169	2,975,821	2,608,930	39.1	37.0	34.2	14.4	14.1	25.5
LONG TERM LIABILITIES									
Long term liabilities	697,517	1,109,267	1,590,097	8.0	13.8	20.8	-37.1	-30.2	70.4
Deferred liabilities	571,004	559,487	419,689	6.6	7.0	5.5	2.1	33.3	118.8
TOTAL LONG TERM LIABILITIES	1,268,521	1,668,754	2,009,786	14.6	20.8	26.3	-24.0	-17.0	78.7
TOTAL EQUITY & LONG TERM LIABILITIES	4,672,690	4,644,575	4,618,716	53.7	57.8	60.5	0.6	0.6	44.2
CURRENT LIABILITIES									
Trade and other payables	3,247,381	2,770,966	2,409,209	37.3	34.5	31.6	17.2	15.0	2.4
Accrued markup / interest	49,829	57,035	69,088	0.6	0.7	0.9	-12.6	-17.4	299.8
Short term borrowings	-	-	18,263	0.0	0.0	0.2	0.0	-100.0	100.0
Current portion of long term liabilities	436,751	465,829	368,928	5.0	5.8	4.8	-6.2	26.3	59.0
Provision for taxation	298,000	98,240	145,961	3.4	1.2	1.9	203.3	-32.7	-49.2
TOTAL CURRENT LIABILITIES	4,031,961	3,392,070	3,011,449	46.3	42.2	39.5	18.9	12.6	4.3
TOTAL EQUITY AND LIABILITIES	8,704,651	8,036,645	7,630,165	100.0	100.0	100.0	8.3	5.3	25.3

ANALYSIS OF FINANCIAL STATEMENTS PROFIT & LOSS ACCOUNT

Particulars	2008	2007	2006	Vertical Analysis Composition of P&L			Horizontal Analysis % Change Year to Year		
				2008	2007	2006	2008 vs 2007	2007 vs 2006	2006 vs 2005
	(Rupees in '000)			%	%	%	%	%	%
Sales	20,855,535	16,608,413	17,420,263	100.0	100.0	100.0	25.6	-4.7	23.4
Cost of sales	(19,298,994)	(15,044,640)	(15,790,546)	-92.5	-90.6	-90.6	28.3	-4.7	23.6
Gross profit	1,556,541	1,563,773	1,629,717	7.5	9.4	9.4	-0.5	-4.0	21.2
Distribution cost	(267,483)	(371,569)	(343,087)	-1.3	-2.2	-2.0	-28.0	8.3	13.5
Administrative expenses	(227,759)	(209,261)	(185,232)	-1.1	-1.3	-1.1	8.8	13.0	29.5
Other operating income	263,870	150,681	173,035	1.3	0.9	1.0	75.1	-12.9	0.9
Other operating expenses	(68,878)	(60,772)	(75,762)	-0.3	-0.4	-0.4	13.3	-19.8	-21.7
Profit from operations	1,256,291	1,072,852	1,198,671	6.0	6.5	6.9	17.1	-10.5	23.1
Finance cost	(252,091)	(269,337)	(151,611)	-1.2	-1.6	-0.9	-6.4	77.7	122.8
Profit before tax	1,004,200	803,515	1,047,060	4.8	4.8	6.0	25.0	-23.3	15.6
Taxation	(301,191)	(249,924)	(370,228)	-1.4	-1.5	-2.1	20.5	-32.5	20.0
Profit after tax	703,009	553,591	676,832	3.4	3.3	3.9	27.0	-18.2	13.3

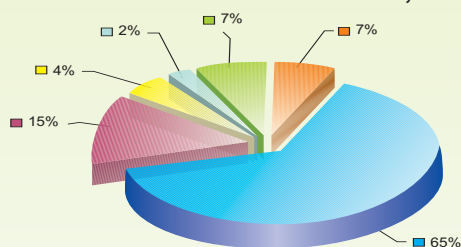
CASH FLOW STATEMENT

Particulars	2008	2007	2006	Vertical Analysis Composition of Cash Flow			Horizontal Analysis % Change Year to Year		
				2008	2007	2006	2008 vs 2007	2007 vs 2006	2006 vs 2005
	(Rupees in '000)			%	%	%	%	%	%
Cash flow from operating activities	842,189	1,780,564	543,869	-202.7	749.6	-72.5	-52.7	227.9	-63.5
Cash flow from investing activities	(572,029)	(923,751)	(1,962,606)	137.7	-388.9	261.6	-38.1	-52.9	157.5
Cash flow from financing activities	(685,645)	(619,278)	668,462	165.0	-260.7	-89.1	10.7	-192.6	39.7
(Decrease) / increase in cash & cash equivalent	(415,485)	237,535	(750,275)	100.0	100.0	100.0	-274.9	-131.7	-162.2

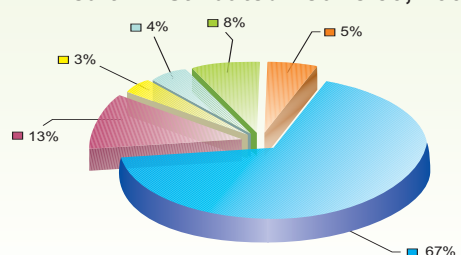
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2008 (Rupees in '000)	2007
WEALTH GENERATED		
Total revenue - Gross	24,538,317	19,258,236
Material and services	(17,914,348)	(12,873,782)
	<u>6,623,969</u>	<u>6,384,454</u>
Wealth Distributed		
To Government		
Sales Tax, Income Tax, Import Duty & Workers Welfare Fund	4,310,561	4,294,346
To Employees		
Salaries, benefits and related cost	997,580	815,188
To Providers of Capital		
Dividend/Bonus to Shareholders	246,775	214,586
Markup on borrowed funds	153,675	256,175
	400,450	470,761
Retained with the business		
Depreciation	459,144	465,154
Retained profit	456,234	339,005
	915,378	804,159
	<u>6,623,969</u>	<u>6,384,454</u>
Application in %		
	(%)	(%)
To Government	65	67
To Employees	15	13
To Providers of Capital	6	7
Retained with the business	14	13
	<u>100</u>	<u>100</u>

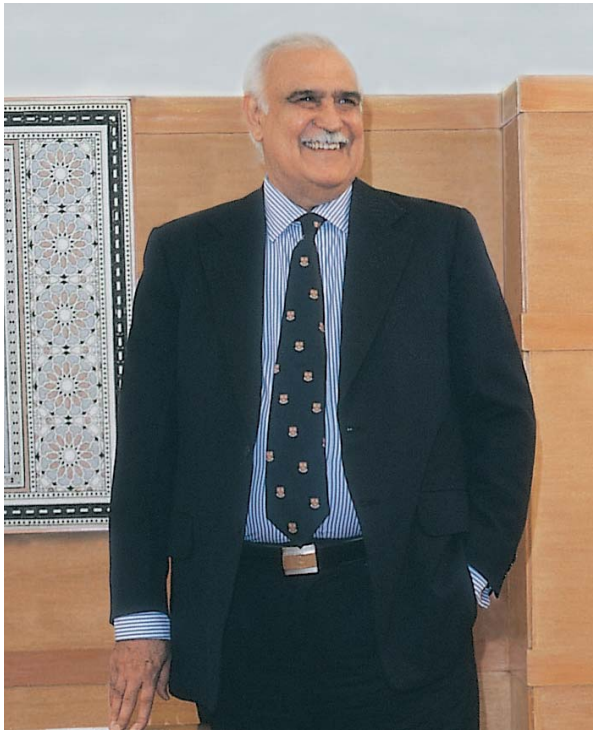
Wealth Distributed - June 30, 2008



Wealth Distributed - June 30, 2007



- To Government
- To Employees
- To Shareholders
- To Lenders
- Depreciation
- Retained profit



CHAIRMAN'S REVIEW

It is my pleasure to present to you the 44th Annual Report of the performance of the company for the year ended June 30, 2008.

THE ECONOMY

In spite of continued absence of the traditional sense of direction for sometimes, the GDP growth, last year, was 5.8 percent. The service sector was 8.2 percent, large manufacturing sector over 5% and agriculture 1.5%. Despite slow growth in agriculture and reduced crops size, the cash flow was quite improved due to escalation in commodity prices. The foreign exchange inward remittance was record high at US\$ 6.5 billion. It was on the back of this development, among others, that the per capita income crossed the US dollar 1000 mark. The inherent strength in the viability of economy has always remained as the guiding factor for localization of Investment, Production and Export. Among them is the automobile sector, the fifth largest revenue earner for the country.

There are, however, issues like food inflation and increase in the prices of oil - over all inflation - but it is an international phenomena. One cannot escape the international impact. In fact, sooner it is absorbed, the better. Prudence demands this!

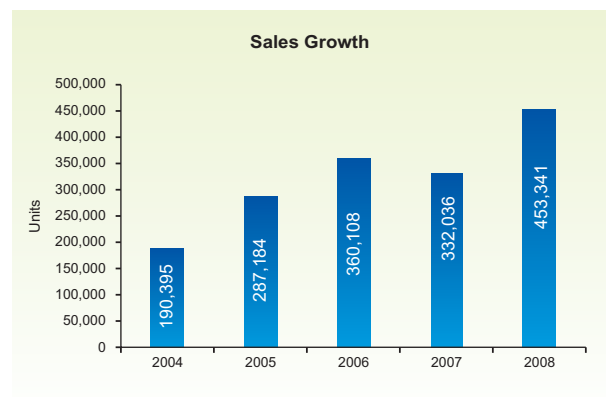
On the other hand, local inflation caused by increase in oil prices and rupee devaluation, will serve as an incentive for localization vis a vis import - at the cost of higher deficit financing and current account.

The Pakistan economy, however, is inherently viable. According to a research from 1951 up to date, the average GDP growth has been 5.14 percent despite several changes in systems and governments. This also shows the country's entrepreneurialism, professionalism and workmanship. With right sense of direction, GDP growth has been higher - up to 7 percent.

THE AUTO INDUSTRY

After witnessing a deceleration in motorcycle sales growth last year, the year under review witnessed growth in motorcycle sales. This was possible due to overall competitive pricing despite the fact that there was a consistent rise in the General Commodity Price in the international markets and particularly steel. This, coupled with rising inflation and weakening rupee led the cost to pass on to the final consumer. Your company has, however, maintained its market leadership position in this challenging scenario. In spite of a challenging environment prevailing during the period, automotive sector, on the whole, maintained positive outlook. The installed capacities in almost all the sub-sectors have continued to increase indicating a strong commitment on part of the strategic investors to the country and their belief in the long term prospects of the industry. From an installed capacity of 1.1 million units in 2005-06 the industry expanded a capacity to 2.3 million units during 2006-07.

The motorcycle sector experienced an overall growth in sales of around 30 percent over the last year. However, Atlas Honda was able to post a sales increase of around 38 percent.



What the industry needs is a clear vision and a consistent prudent policy frame work.

COMPANY'S PERFORMANCE

MARKETING

CD 70 sales of 364,800 units led the way as your company further strengthened its position as the market leader. A new CD100 model was launched in September 07 and the response was encouraging. Customers have appreciated the improved quality and fuel efficiency. The loyal following of CG-125 ensured that the model remained the second highest selling bike in the country after CD70.

Many factors contributed to the record achievement, the ability of the company to maintain the price stability during the major portion of the year was one paramount factor. However, during the last quarter the impact of rising material costs and the adverse exchange rate parity could no more be absorbed and the minimum possible impact had to be passed on to the market. This did have a slow down effect on sales but only during the last month of the year. The price increase that has been passed onto the consumer hopefully will be absorbed given the overall inflationary environment. However, the marketing team, like other divisions of the company, has taken steps to mitigate the impact of the price increase by encouraging more credit sale by the dealers.

The major tool to fight the price escalation effect has been to improve efficiency in serving the customer through an all encompassing approach of Sales, Service and Spare Parts. The three functions are now acting in harmony to deliver quality product at the nearest point of sales to the customer, backed up with highest quality of service and availability of spare parts for all models at the most economical prices. The triangular strategy has become a model for the industry. The company now has point of sales in even comparatively remote areas of the country. With the help of dealers, these outlets have been a successful tool to increase coverage in order to meet the competition. With over 300 dealer and a fast expanding Special Sales Point - SSP - network of around 40, the overall effectiveness has improved.

The company has now expanded the after sales network and its Warranty network to over 150 dealerships. In order to project the company's

community activities Safety Riding activity has emerged as a full fledged function which is imparting technical skills to motorcycle riders in the private sector as well as in the government sector by partnering with the Police and Rangers to educate users.

Spare Parts division has expanded its product line and is now supplying quality genuine parts for the quality conscious customers from all the 3 'S', 5 'S' and Antenna dealerships. The 'Hub & Spoke Strategy' has proved to be a success and has helped reduced delivery time and improve number of parts supplied.

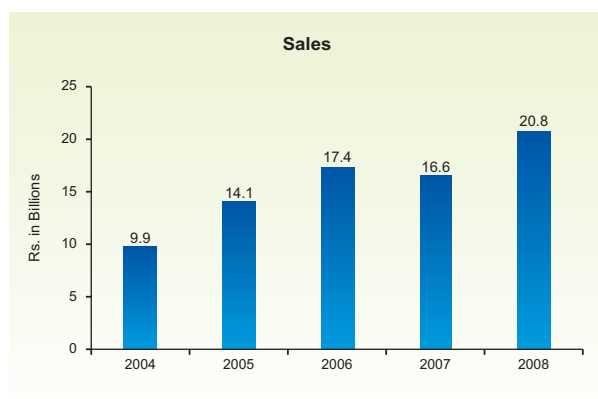
PRODUCTION

The year witnessed an unprecedented increase in material prices internationally coupled with an unfavourable exchange rate and a quantum jump in the commodity prices locally. The company, however, endeavoured to absorb most of the cost impact by focusing on improved efficiency and process optimization. Such activity led to reduction in cost at the factory which helped to offset to an extent the external cost pressures.

The factories in Sheikhpura and Karachi produced 400,000 and 50,000 units respectively. Moreover, the quality improvements have reflected in reduced claims and warranty.

THE BOTTOM LINE

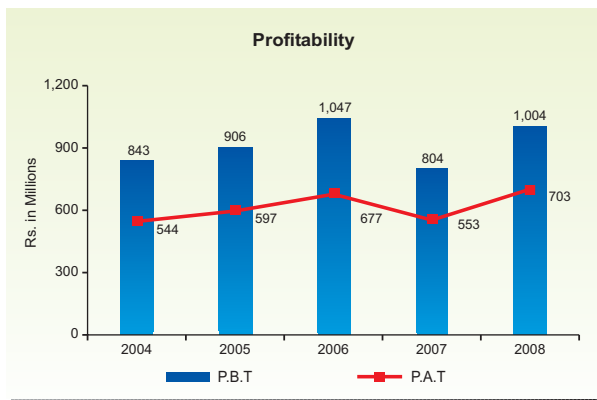
The strategic direction of the company is fulfilling its goals. The company achieved another milestone during the year sold 453,341 units (against 332,036 units last year). The company also registered a record sale value of Rs. 20.8 billion against Rs.16.6 billion achieved last year. The cost of goods sold was Rs. 19.3 billion against Rs.15 billion in the last year.



Administrative expenses increased from Rs. 209.2 million to Rs. 227.7 million. The selling and distribution expenses were controlled during the year from Rs.371.5 million last year to Rs. 267.4 million. The gross profit decreased marginally to Rs. 1,556 million compared to Rs. 1,563 million last year.

Other income increased from Rs. 150.6 million to Rs. 263.8 million as a result of increase in income, among others, from treasury operations as well as manufacturing operations.

All this contributed in breaking the barrier of Rupees one billion profit before tax for the second time. The profit after tax increased to Rs. 703 million from Rs. 553.5 million with an increase in net profit margin of 3.37% compared with 3.33% of last year.



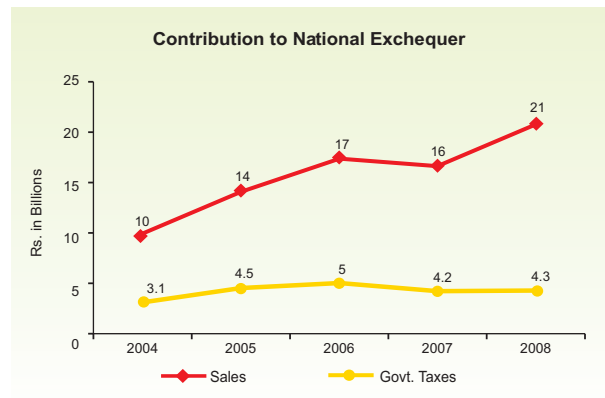
CASH FLOW

During the year the cash flow of the Company was efficiently managed and the surplus funds were invested in high yielding mutual funds. The inventory was also kept at an optimum level in order to create balance between the production and working capital requirements.

CONTRIBUTION TO EXCHEQUER

The company contributed an amount of Rs. 4.3 billion in respect of Sales tax, income tax and custom duty. Payment of these taxes was more than 6.1 times the net after tax earnings. The company's contribution to national economy by way of value addition this year. The Group, of which the company is a constituent member, contributed Rs. 15 billion to the exchequer.

These results were exceptional in a market that was beset by high input costs and generally a slow



down in the year. The first three quarters of the year however showed buoyant growth, much in line with what the industry experienced over the last four years. Thereafter, because of the tightening of non-food credit by the State Bank of Pakistan, reduced liquidity and lower purchasing power, remained subdued.

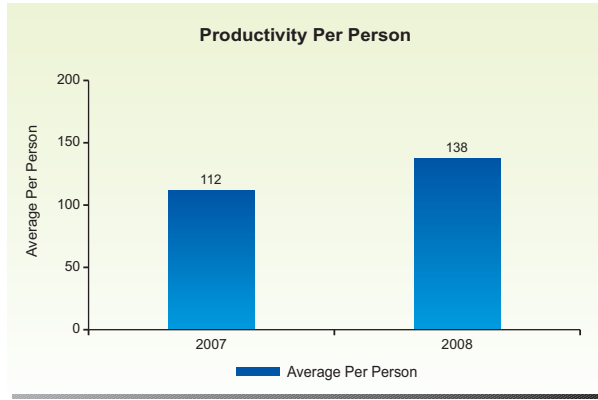
SLOW DOWN

The company believes the slow down is a temporary aberration. Given the population and the transport alternatives, a motorcycle will remain a necessity. Pakistan has grown in excess of 6 percent over the last three years. The compound annual GDP growth over the last four is well over 6 percent. The company expects the economy to pick up once the overall political pressures subside. With the start of the decline in oil and commodity prices, inflation should ease off. Non-food credit growth will perform bounce back to its annual growth rates. And your Company with its Six hundred thousand motorcycles capacity will be ideally placed to ride this growth.

The focus is thus in company productivity of the manpower and machinery to help reduce non-material based cost pressures. I am glad to report that the company successfully optimized inventory and process improvements.

HUMAN RESOURCE

Your company is growing exponentially in manpower. The Human Resource Management is Atlas's key factor. The focus on staff and systems is all the more. The associates are imbued with Atlas value-dynamics and motivated to contribute to its growth. The productivity per man increased to 138 motorcycles per person from 112 motorcycles, last year.



Your company offers a wide range of training courses to improve the skills of associates. During the year, 14 associates were sent abroad for training, 83 associates were sent on various external trainings. Regular in-house training was also arranged in which 1611 associates attended the in-house workshops on various topics, such as, Effective Communication Skills, Atlas Values and Culture, Quality statistic tools, Management skills, Fire fighting, Safety & Workplace Environment, on Job Training etc. At the floor level, outstanding performances by the associates are acknowledged in the form of ALAMAYAR awards and education trips abroad.

Atlas strives to be an integral part of the society. This year, your company provided internship to 29 students of Engineering and Business Administration from various Universities. 238 students from various institutions like LUMS, Pakistan Ordinance Factory, Sir Syed University, Space Technology, Japan School, Naval School of Logistics etc. visited Atlas in order to study the state of the art of manufacturing facilities.

This year Family Days were held at both the plants again, which were well attended. In recognition of long association with the company 228 associates were given long service awards. 14 associates were also presented with Gold Medals on eve of their retirement.

INFORMATION TECHNOLOGY

Atlas is relying on systems for daily business process and periodic results. The previous year's focus was on achieving benefits from investment already made on IT. SAP is an integral tool to assist in improving efficiency, productivity and cost reduction. The IT slogan for the company is "Business Process Improvement Thru' Technology" The objective is to

make information technology a partner for reducing cost of doing business.

FUTURE OUTLOOK

Given the current Economic Fundamentals of the economy marked by high domestic inflation, weakening rupee, rising interest rates -the overall politico-economic situation, the next year will be a challenging one. Historically the company has come through such critical situations successfully. Since the margins will remain under pressure, the emphasis would be on improving the manpower productivity and cost reduction thus showing good results:

ع کیا چھینے گا غنچہ سے کوئی ذوقِ شکرِ قد

(Entrepreneurial ability and management always grows and grows better)

ACKNOWLEDGEMENT

I would like to thank Honda Motor Company Ltd., Japan for their continued support in maintaining high standards of excellence. In particular, I would like to acknowledge the contribution made by Mr. Osamu Ishikawa and the other Honda Directors on the Board, for their innovative solutions.

I would also like to thank the Board of Directors, Group Executive Committee, our bankers, shareholders, dealers and vendors. I must thank the Chief Executive Officer, Mr. Saquib H. Shirazi, and his team - all staff and associates for their commitment to the job performance. We are convinced that they will serve our valued customers fully well.

Karachi: August 26, 2008

Yusuf H. Shirazi

Directors' Report

The directors of your company take pleasure in presenting their report together with the company's audited financial statements for the year ended June 30, 2008. The director's report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance, will be put forward to the members at the forty fourth Annual General meeting of the company to be held on September 27, 2008.

Operating Results

The operating results of your company for the year ended June 30, 2008 under review are summarized as follows:

	2008	2007
	(Rupees in '000)	
Profit before taxation	1,004,200	803,515
Taxation		
Current	298,000	98,000
Prior Years	(1,009)	19,395
Deferred	4,200	132,529
	301,191	249,924
Profit after taxation	<u>703,009</u>	<u>553,591</u>

Subsequent appropriations:

The directors have recommended a final cash dividend of Rs. 6.5 (2007: Rs. 6.0) per share. Accordingly the following appropriations have been proposed:

	2008	2007
	(Rupees in '000)	
Profit available for appropriation	704,066	555,526
Appropriation:		
Transfer to General Reserve	395,000	246,000
Cash Dividend 65% (2007: 60%)	307,440	246,775
Bonus shares NIL (2007: 15%)	-	61,694
	702,440	554,469
Un-appropriated profit carried forward	<u>1,626</u>	<u>1,057</u>

Earning per Share

The Basic and Diluted earnings per share after tax is Rs. 14.86 (2007: Rs. 11.70).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the company for the year ended June 30, 2008 and future prospects. The directors endorse the contents of the review.

Board of Directors

The Board comprises of five Executive and three Non-Executive directors. All the non-executive directors are independent from management. The directors of the company were elected in Extra Ordinary general meeting of the company held on March 24, 2008.

The Board approved the remuneration of the Chairman, CEO, and the three directors at Rs. 5.0 million, Rs.12.0 million and Rs. 8.5 million respectively, bonus and other benefits like free transportation, telephone facility, medical expenses etc. are as per company's policy for the year 2008-2009. Furnished accommodation, inclusive of utilities will also be provided to two Directors. The Company also makes contributions to the gratuity and provident funds for the Chairman, CEO and one director.

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

S. No.	Name of Directors	Attendance	Number of directorships in listed companies, including AHL
1	Mr. Yusuf H. Shirazi	5	7
2	Mr. Saquib H. Shirazi	5	3
3	Mr. Sherali Mundrawala	4	1
4	Mr. Sanaullah Qureshi	3	3
5	Mr. Nurul Hoda	4	1
6	Mr. Osamu Ishikawa	2	1
7	Mr. Takatoshi Akiyoshi	1	1
8	Mr. Masahiro Takedagawa	0	1

Auditors

The present Auditors M/s Hameed Chaudhri & Co., retire and being eligible, offer themselves for re-appointment. The Audit Committee of the company has recommended their re-appointment as auditors of the Company for the year 2008-09.

Our Corporate Governance Principles

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

As part of the Group Corporate strategy the Company has a number of committees at the Group level that guide the Executive Management in various key areas of the company's operations ranging from Human resource, Audit and Environment Safety and Health. The following is the summary of the Role and Terms of reference of each committee.

Audit Committee

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

The committee consists of three members. Majority of members including Chairman of the Committee are non-executive directors.

The Audit Committee met four times in the year 2008. The Audit committee reviewed the quarterly, half yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendations of the Internal auditor.

During the year, four Audit Committee meetings were held and attended as follows:

Mr. Sanaullah Qureshi, Chairman	3
Mr. Sherali Mundrawala, Member	3
Mr. Nurul Hoda, Member	3

Human Resource Committee

The Human Resource Committee determines the compensation package for the management staff in accordance with the current market practices. The Committee has also the responsibility to create and maintain a conducive work environment that instills trust and ensures respect, fair treatment, development opportunities and grooming and makes succession plan for all employees. The committee consists of three members and its importance can be gauged from the fact that is headed by the Chairman of the company. It meets four times a year and discusses potential candidates for grooming into future managers of the company, their succession planning and compensation.

Management Committee

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee has responsibility for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The committee is also responsible for maintaining healthy environment within and outside the company through its environment friendly products. The committee is organized on a functional basis and meets monthly to review the performance of each function of the company against its targets set at the beginning of the year.

Environment, Health and Safety Committee

The Company maintain its commitment to higher standards of Environment, Health and Safety. Atlas Honda Limited recognizes its responsibility to protect and maintain the quality of the environment and the health and safety of its employees and the public. The primary responsibility for assuring the Company's compliance with applicable environmental, health, safety and security ("EHS & S") laws and regulations is vested in the operating management of the Company. The management believes that the Company must continuously earn the trust and confidence of its employees, customers, shareholders and neighboring communities and other stakeholders in its "EHS & S" performance.

Material changes

There have been no material changes since June 30, 2008 to date of the report and the company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the company.

Pattern of Shareholding

The pattern of shareholding of the company is annexed.

Communication

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

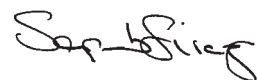
Corporate and Financial reporting framework

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

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

• Provident Fund	Rs. 399.90 million (as at June 30, 2008)
• Gratuity Fund	
Management Staff	Rs. 73.99 million (as at June 30, 2008)
Non-Management Staff	Rs. 27.80 million (as at June 30, 2008)

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: August 26, 2008

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE & TRANSFER PRICING

A. Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance in the listing regulations of Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

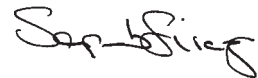
1. The company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes three non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. Directors, CEO, CFO, Company Secretary and their spouse and minor children have not made transactions of the Company's shares during the year.
4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
5. No casual vacancy occurred in the Board of Directors during the year.
6. Executive directors of the Company are not in excess of 75% of total number of directors.
7. The company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the directors and employees of the company.
8. The Board has developed a vision statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors, have been taken by the Board. .
10. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
11. The Board members have attended orientation courses on changes in International Financial Reporting Framework and other regulatory changes during the year.
12. The directors' report for the year ended June 30, 2008 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executive do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has already formed an Audit Committee in its meeting on April 24, 2008. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code.
18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

B. Statement of Compliance with the Best Practices on Transfer Pricing:

The Company has fully complied with the Best Practices of Transfer Pricing as contained in the Listing Regulation of the Stock Exchanges.

On behalf of the Board of Directors



Saquib H. Shirazi
Chief Executive Officer

Karachi: August 26, 2008

NOTICE OF 44th ANNUAL GENERAL MEETING

Notice is hereby given that the forty fourth Annual General Meeting of the members of Atlas Honda Limited will be held on September 27, 2008, at 11:00 a.m., at 1-McLeod Road, Lahore, to transact the following businesses after recitation from the Holy Quran:

ORDINARY BUSINESS

1. To confirm Minutes of the Extraordinary General Meeting held on June 21, 2008.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2008 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2009. The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and approve the cash dividend of Rs. 6.5 per share i.e. 65% for the year ended June 30, 2008 as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To consider and approve change in financial year from July 01 to June 30 to April 01 to March 31 in line with the financial year of its Principal company subject to approval from the concerned authorities.

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

- (i) **RESOLVED** "that the management of the company be and is hereby authorized to change the financial year from July 01 to June 30 to April 01 to March 31 subject to approval from the concerned authorities".
 - (ii) **FURTHER RESOLVED** "that the Chief Executive Officer of the company be and is hereby authorized to take any and all actions which may be required for making the above mentioned change".
6. To consider and approve the investment by way of purchase of shares of Atlas Power Limited (an associated company).

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

- (i) **RESOLVED** "that the management of the company be and is hereby authorized and empowered in terms of section 208 of the Companies Ordinance, 1984 for the purchase of shares of Atlas Power Limited (an associated company) amounting to Rs. 200,000,000".
- (ii) **FURTHER RESOLVED** "that the Chief Executive Officer of the company be and is hereby authorized to take any and all actions which may be required for making the above mentioned investment".

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

OTHER BUSINESS

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

By Order of the Board



Rashid Amin
Company Secretary

Karachi: September 05, 2008.

NOTES:

1. The share transfer books of the company will remain close from September 20, 2008 to September 27, 2008 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of CDC , entitled to attend and vote at this meeting must bring his / her NIC or passport along with their CDC account number to prove his / her identity and in case of Proxy must enclose an attested copy of his/her NIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. The members are requested to notify the company immediately of the change in addresses, if any.
5. Members are requested to provide by mail or fax, photocopy of their CNIC or Passport, if foreigner, (unless it has been provided earlier) and E-Mail address to enable the company to comply with the relevant laws.
6. For the convenience of the members a Proxy Application Format is attached with this report.

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

This statement is annexed to the Notice of the Forty fourth Annual General Meeting of Atlas Honda Limited to be held on September 27, 2008 at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

ITEM NO 5 OF THE AGENDA

The Board of Directors has recommended to the members of the company to change the financial year from July 01 to June 30 to April 01 to March 31 in line with the financial year of its Principal Company subject to approval from the concerned authorities. In this regard the company seeks approval of its shareholders for change of its financial year end. The next financial period will end after nine months on March 31, 2009.

ITEM NO 6 OF THE AGENDA

The Board of Directors has recommended to the members of the Company to invest the surplus funds of the Company in the Equity of Atlas Power Limited (APL), an associated company. In this regard the Company seeks approval of its shareholders under section 208 of the Companies Ordinance, 1984 for investments in the Equity of Atlas Power Limited (APL) an associated company.

According to SRO No 865(1)/2000 dated December 06, 2000 the following information is required to be annexed with the notice for approval of investment in associated companies/undertakings.

Particulars of Associated Company for approval of investment:

S.No.	Particulars/ Requirements	Information
1	Name of associated investee company/undertaking:	Atlas Power Limited. (APL)
2	Nature, amount and extent of investment:	Equity investment of Rs.200,000,000 (Rupees Two hundred million only).
3	Average market price of the shares intended to be purchased during the preceding six months in case of listed companies:	Atlas Power is Public Limited Company (unlisted).
4	Break up value of shares intended to be purchased on the basis of last published financial statements:	APL has not yet commenced its commercial operation and break up value of shares is Rs. 10 per share.
5	Price at which shares will be purchased:	Shares of APL will be purchased at face value of Rs. 10 per share.
6	Earning per share of investee company in last three years:	The commercial operation is expected in March 2009.
7	Source of funds from where shares will be purchased:	The company intends to fund this investment through internal cash generation.
8	Period for which investments will be made:	Not applicable being long term equity investment.
9	Purpose of investment:	The company will benefit from the dividend income and prospective capital gain.
10	Benefits likely to accrue to the company and the shareholders from the proposed investments:	Dividends and capital appreciation as APL returns are linked with US Dollar based IRR.
11	Interest of directors and their relatives in the investee company:	Mr. Saquib H. Shirazi Director/CEO of the Company is also a director of Atlas Power Limited. Mr. Iftikhar H. Shirazi, Mr. Aamir H. Shirazi and Mr. Ali H. Shirazi, all brothers of Mr. Saquib H. Shirazi are also director of Atlas Power Limited. All above named directors are nominees of Shirazi Investments (Private) Limited (SIL) and represent SIL on the board of APL. These directors have no direct interest in the APL except as nominee directors of SIL.

Status of Approvals for investments in Associated Companies

As required by the SRO No 865 (1)/2000 dated December 06, 2000, the position of investments in associated companies against approvals held by the company is as under:

Atlas Stock Market Fund

Against approval of Rs. 300 Million the Company invested Rs 50 million. The balance amount would be invested on availability of units at reasonable price and improvement in Capital market situation. There was no major change in the financial position of the investee fund.

Atlas Income Fund

Against approval of Rs. 2 Billion, the Company invested Rs. 980 Million. Further investment will be made on availability of surplus funds.

Atlas Islamic Fund

Against approval of Rs. 200 Million the Company did not invest any amount in this fund due to the unstable condition of the capital market. The balance amount would be invested on availability of units at reasonable price and improvement of in Capital market situation. There was no major change in the financial position of the investee fund.

Atlas Islamic Income Fund

Against approval of Rs. 100 Million the company so far made no investment as the fund has not been launched in the public.

TO ALL SHAREHOLDERS OF THE COMPANY

**Re: Remuneration of Chairman, President /CEO, Directors and Company Secretary
Information under Section 218 of the Companies Ordinance, 1984**

We are please to inform you that the Board has approved the following for the year ending June 30, 2009.

1. Remuneration to Chairman and Company Secretary at Rs 5.0 million and Rs 1.6 million respectively, which includes bonuses, allowances and other benefits as per the terms of employment.
2. Remuneration to CEO at Rs. 12.0 million and three full time directors at an aggregate amount of Rs. 8.5 million, which includes allowances and other benefits as per the terms of employment.

Yours Truly,
For Atlas Honda Limited



Rashid Amin
Company Secretary



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI CHAMBERS,
HASRAT MOHANI ROAD,
KARACHI.
PHONES : 242 4826 - 241 2754
CABLES : "COUNSEL"
FAX : 242 4835
E-MAIL : majeed@khi.comsats.net.pk

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

We have reviewed the Statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Atlas Honda Limited to comply with the Listing regulation No. 37 (Chapter XI) of Karachi Stock Exchange and clause 40 (Chapter XIII) of the Lahore Stock Exchange where the Company is listed.

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

A part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.

Karachi: August 26, 2008

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI CHAMBERS,
HASRAT MOHANI ROAD,
KARACHI.
PHONES : 242 4826 - 241 2754
CABLES : "COUNSEL"
FAX : 242 4835
E-MAIL : majeed@khi.comsats.net.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Atlas Honda Limited as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: August 26, 2008

BALANCE SHEET

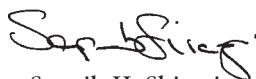
AS AT JUNE 30, 2008

	Note	2008	2007
(Rupees in '000)			
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	3,376,605	3,566,931
Intangible assets	7	14,813	24,324
		3,391,418	3,591,255
Investments - Available for sale	8	-	51,761
Long term loans and advances	9	14,043	12,943
Long term deposits and prepayments	10	13,503	15,900
CURRENT ASSETS			
Stores, spares and loose tools	11	417,564	407,730
Stock in trade	12	1,862,069	1,580,925
Trade debts	13	407,354	282,249
Loans and advances	14	39,354	20,553
Trade deposits and prepayments	15	223,229	5,075
Investments at fair value through profit and loss	16	1,377,300	864,989
Accrued mark-up / interest	17	812	90
Other receivables	18	453,867	283,552
Cash and bank balances	19	504,138	919,623
		5,285,687	4,364,786
		8,704,651	8,036,645

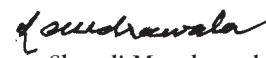
The annexed notes 1 to 44 form an integral part of the financial statements



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

BALANCE SHEET

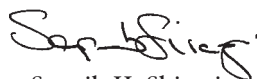
AS AT JUNE 30, 2008

	Note	2008	2007
(Rupees in '000)			
EQUITY AND LIABILITIES			
Share capital & reserves			
Share capital	20	472,985	411,291
Reserves	21	2,227,118	2,009,004
Unappropriated profit		704,066	555,526
		3,404,169	2,975,821
NON CURRENT LIABILITIES			
Long term liabilities	22	697,517	1,109,267
Deferred liabilities	23	571,004	559,487
		1,268,521	1,668,754
CURRENT LIABILITIES			
Trade and other payables	24	3,247,381	2,770,966
Accrued mark-up / interest	25	49,829	57,035
Current portion of long term liabilities	27	436,751	465,829
Provision for taxation	28	298,000	98,240
		4,031,961	3,392,070
CONTINGENCIES & COMMITMENTS			
	29		
		8,704,651	8,036,645

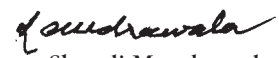
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Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

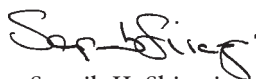
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 (Rupees in '000)	2007
Sales	30	20,855,535	16,608,413
Cost of sales	31	(19,298,994)	(15,044,640)
Gross profit		1,556,541	1,563,773
Distribution cost	32	(267,483)	(371,569)
Administrative expenses	33	(227,759)	(209,261)
Other operating income	34	263,870	150,681
Other operating expenses	35	(68,878)	(60,772)
Profit from operations		1,256,291	1,072,852
Finance cost	36	(252,091)	(269,337)
Profit before tax		1,004,200	803,515
Taxation	37	(301,191)	(249,924)
Profit after tax		703,009	553,591
Basic & Diluted earnings per share - Rupees	38	14.86	11.70

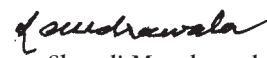
The annexed notes 1 to 44 form an integral part of the financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

CASH FLOW STATEMENT

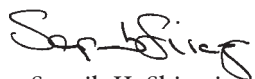
FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 (Rupees in '000)	2007
CASH FLOWS FROM OPERATING ACTIVITIES	39	842,189	1,780,564
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(293,604)	(454,124)
Investments acquired		(3,113,239)	(1,413,449)
Sale proceeds of fixed assets		20,991	24,968
Sale proceeds of investments		2,806,065	915,540
Dividend received		13,341	12,507
Software development / acquisition cost		(5,583)	(9,193)
Cash used in investing activities		(572,029)	(923,751)
Net cash flow before financing activities		270,160	856,813
FINANCING ACTIVITIES			
Repayment of long term loan		(434,020)	(377,579)
Payment of lease rentals		(7,966)	(7,966)
Repayment of short term finances		-	(18,263)
Dividend paid		(243,659)	(215,470)
Net cash used in financing activities		(685,645)	(619,278)
(Decrease)/ increase in cash & cash equivalent		(415,485)	237,535
Cash and cash equivalent as at July 1		919,623	682,088
Cash and cash equivalent as at June 30		504,138	919,623

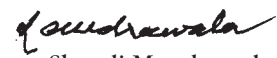
The annexed notes 1 to 44 form an integral part of the financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2008

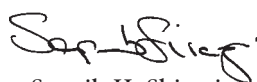
(Rupees in '000)

	Capital Reserves		Revenue Reserves		Unrealized gain/(loss)		Total	
	Share Capital	Share Premium	Gain on Sale of Land	General Reserve	Unappropriated Profit	on available for sale investments		on hedging instruments
Balance as at June 30, 2006	357,644	39,953	165	1,546,000	665,168	-	-	2,608,930
Profit for the year	-	-	-	-	553,591	-	-	553,591
Final dividend (2006) @Rs 6 per share	-	-	-	-	(214,586)	-	-	(214,586)
Issue of bonus shares	53,647	-	-	-	(53,647)	-	-	-
Transfer to general reserve	-	-	-	395,000	(395,000)	-	-	-
Unrealized gain on remeasurement of hedging instruments	-	-	-	-	-	-	26,125	26,125
Unrealized gain on remeasurement of investments	-	-	-	-	-	1,761	-	1,761
Balance as at June 30, 2007	411,291	39,953	165	1,941,000	555,526	1,761	26,125	2,975,821
Profit for the year	-	-	-	-	703,009	-	-	703,009
Final dividend (2007) @Rs 6 per share	-	-	-	-	(246,775)	-	-	(246,775)
Issue of bonus shares	61,694	-	-	-	(61,694)	-	-	-
Transfer to general reserve	-	-	-	246,000	(246,000)	-	-	-
Unrealized gain on remeasurement of investments	-	-	-	-	-	202	-	202
Removed from equity and transferred to Profit & Loss	-	-	-	-	-	(1,963)	(51,853)	(53,816)
Unrealized gain on remeasurement of hedging instruments	-	-	-	-	-	-	25,728	25,728
Balance as at June 30, 2008	472,985	39,953	165	2,187,000	704,066	-	-	3,404,169

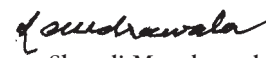
The annexed notes 1 to 44 form an integral part of the financial statements.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

1. CORPORATE INFORMATION

Atlas Honda Limited (the company) was incorporated as a public limited company on October 16, 1962 and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The registered office is located at 1-Mcleod Road, Lahore. The manufacturing / assembly facilities of the company are located at Karachi and Sheikhpura, with branches / warranty and training centers at Karachi, Multan, Lahore, Rahim Yar Khan and Rawalpindi. The company is principally engaged in progressive manufacturing and marketing of motorcycles and auto parts.

2. STATEMENT OF COMPLIANCE

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

2.2 Standards, interpretations and amendments to published approved accounting standards

New standard, amendments to published standard and new interpretation effective in 2007 - relevant

IAS 1 (Amendment) - 'Presentation of Financial Statements - Capital Disclosures', is mandatory for the company's accounting periods beginning on or after January 1, 2007. It introduces capital disclosure requirements regarding how the entity manages its capital. Adoption of this amendment only impacts the format and extent of disclosures as presented in note 40.4 to the financial statements.

Amendments to published standards, new standard and new interpretations effective in 2007 but not relevant

There are other accounting standards, new interpretations that are mandatory for accounting periods beginning on or after January 1, 2007 but are considered not to be relevant or have any significant effect to the company's operations and are therefore not detailed in these financial statements.

Standards or interpretations not yet effective but relevant

Following amendment to existing approved accounting standards have been published that are mandatory for the company's accounting periods beginning on the dates mentioned below:

IAS 1 'Presentation of financial statements', issued in September 2007 revises the existing IAS 1 and requires apart from changing the names of certain financial statements, presentation of transactions with owners in statement of changes in equity and with non-owners in the Comprehensive Income Statement. The revised standard will be effective from January 1, 2009. Adoption of the above standard will only impact the presentation of the financial statements.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption the option of immediately expensing those borrowing costs will be withdrawn.

IFRIC 14 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The management has assessed that the adoption would not have a material impact on the company's financial statements.

3. BASIS OF PREPARATION

3.1 Measurement

These financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 Significant accounting judgements and estimates

The company's significant accounting policies are stated in Note 5. Not all of these significant policies require the management to make 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 of 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 expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Retirement benefit obligations
- b) Provision for taxation
- c) Accrued liabilities
- d) Determining useful lives and residual values of Property, plant & equipment
- e) Provision for doubtful receivables and slow moving inventories
- f) Provision for warranty

3.3 Functional and presentation currency

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

4. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors and authorized for issue on August 26, 2008.

5. SIGNIFICANT ACCOUNTING POLICIES

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.

5.1 Employee benefits

Defined benefit plan

The company has established funded gratuity scheme for its management and non management staff. Contributions under the schemes are made on the basis of actuarial valuation and are charged to Profit and Loss account. The valuation of both schemes was carried out on June 30, 2008 using the "Projected Unit Credit Method".

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

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

Defined contribution plan

The company operates defined contribution plan (i.e. recognized provident fund scheme) for its employees. Equal monthly contributions at the rate of 11 per cent of the basic salary are made to the fund both by the company and employees. The assets of the fund are held separately under the control of trustees.

Employee compensated absences

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

5.2 Trade and other payables

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

5.3 Leases

Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finance lease. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

Operating leases

Leases in which 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 are charged to profit and loss on a straight-line basis over the period of the lease.

5.4 Taxation

Current year

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

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

5.5 Property, plant & equipment

Owned and leased assets

The company has adopted the cost model for its Property, plant & equipment. Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land is stated at cost less impairment loss if any. Property, plant & equipment acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Individual Item of property, plant & equipment costing Rs 25,000 or less are not capitalized and charged off in the year of purchase.

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

Depreciation

Depreciation is charged to income on straight line method except plant & machinery, vehicles, building on leasehold land and building on freehold land, without considering extra shift workings.

Depreciation on plant & machinery, vehicles, building on leasehold land and building on freehold land is charged to income on the basis of reducing balance method.

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

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

During the year the company has reviewed the useful life of 'Dies & Jigs' and the pattern in which asset's future economic benefits are expected to be consumed by the company. Consequently the depreciation rate has been revised from 50% on straight line basis to 25% on straight line basis to reflect the useful life and pattern in which the asset's economic benefits are expected to be consumed by the company. The change in accounting estimate has resulted in decrease in depreciation charge for the year by Rs.62.4 million with corresponding increase in carrying value of Property, Plant & Equipment and profit before tax by the same amount.

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

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

5.6 Intangible assets

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

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

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Software licenses are amortised using the straight line method over the period of two years from the month the license is acquired. Whereas, ERP (SAP) implementation cost is amortised using the straight line method over the period of five years from the month ERP is available for use or from the month the extended support cost is incurred.

5.7 Investments

Investments at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments, for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realised and unrealised gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase excludes transaction cost.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income.

Investments which are not classified as held to maturity investments, financial assets at fair value through profit and loss or loan and advances are classified as available for sale investments.

All investments are initially recognized at cost, being the fair value of the consideration given. After initial recognition, investments which are classified as available for sale are remeasured at fair value. Unrealized gain and losses, on available for sale investments, are recognized in equity until the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

5.8 Stores, spares and loose tools

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

5.9 Stock in trade

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

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

5.10 Trade debts and other receivables

These are originated by the company and are stated at cost less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

5.11 Foreign currency transactions

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

5.12 Revenue recognition

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

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

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

5.13 Borrowing and borrowing cost

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

5.14 Provisions

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

5.15 Warranty

The company recognizes the estimated liability to repair or replace damaged part of products still under warranty at the balance sheet date. The provision is based on the ratio of warranty claims during the year to previous year's sales.

5.16 Dividend

Dividend is recognized as liability in the period in which it is approved by the shareholders.

5.17 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

5.18 Cash and cash equivalents

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

5.19 Interest / mark-up bearing loans and borrowings

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

5.20 Impairment

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

5.21 Related party transactions

All transactions with related parties are carried out by the company at arm's length prices.

5.22 Off setting

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

5.23 Derivative financial instruments

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

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

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

Company also uses forward foreign exchange contracts and currency options to hedge its risk associated primarily with foreign currency fluctuations relating to purchases of raw materials and fixed assets from overseas suppliers. These contracts (except those having immaterial financial impact or which do not meet criteria for hedge accounting) are included in the balance sheet at fair value and any resultant gain or loss is recognized in the statement of changes in equity and subsequently adjusted against the value of raw materials and fixed assets. The fair values of forward foreign exchange contracts are included in "Other receivables" in case of favorable contracts and "Trade and other payables" in case of unfavorable contracts. The fair values of forward foreign exchange contracts are calculated by reference to current forward foreign exchange rates with similar maturity profiles.

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2008 (Rupees in '000)	2007
Operating fixed assets	6.1	3,358,226	3,550,937
Capital work in progress	6.5	18,379	15,994
		<u>3,376,605</u>	<u>3,566,931</u>

6.1 Operating fixed assets

	Owned														Leased	Total	
	Freehold Land	Leasehold Land	Building on Freehold Land	Building on Leasehold Land	Plant & Machinery	Dies & Jigs	Factory Equipment	Office Equipment	Computer & Accessories	Furniture & Fixture	Fixture & Equipment	Electric & Gas Fitting	Vehicle	Service Equipment	Electric & Gas Fitting		
At June 30, 2006																	
Cost	5,112	34,132	292,779	66,467	3,011,815	630,816	85,228	15,136	66,141	11,302	1,300	104,793	127,607	389	30,000	4,483,017	
Accumulated Depreciation	-	6,046	42,866	30,209	804,520	573,036	31,231	9,802	36,517	5,728	1,264	51,335	52,255	335	4,000	1,649,144	
Book Value	5,112	28,086	249,913	36,258	2,207,295	57,780	53,997	5,334	29,624	5,574	36	53,458	75,352	54	26,000	2,833,873	
Year ended June 30, 2007																	
Additions	-	-	51,920	12,394	880,328	112,788	27,817	357	5,974	3,436	-	29,500	78,475	-	-	1,202,989	
Disposals:																	
- Cost	-	-	-	-	5,190	-	-	730	-	535	-	1,003	42,779	-	-	50,237	
- Depreciation	-	-	-	-	(4,767)	-	-	(550)	-	(432)	-	(868)	(22,849)	-	-	(29,466)	
	5,112	28,086	301,833	48,652	3,087,200	170,568	81,814	5,511	35,598	8,907	36	82,823	133,897	54	26,000	4,016,091	
Depreciation charge	-	510	27,389	3,897	286,503	63,640	18,858	2,119	11,715	2,208	18	19,192	23,078	27	6,000	465,154	
Net book value as at June 30, 2007	5,112	27,576	274,444	44,755	2,800,697	106,928	62,956	3,392	23,883	6,699	18	63,631	110,819	27	20,000	3,550,937	
Year ended June 30, 2008																	
Additions	-	-	4,275	6,504	48,633	143,766	25,853	980	2,589	475	-	14,513	43,631	-	-	291,219	
Disposals:																	
- Cost	-	-	-	-	31,914	11,988	211	27	3,034	105	-	147	30,344	-	-	77,770	
- Depreciation	-	-	-	-	(26,786)	(9,627)	(29)	(26)	(3,034)	(97)	-	(142)	(13,243)	-	-	(52,984)	
	5,112	27,576	278,719	51,259	2,844,202	248,333	88,627	4,371	26,472	7,166	18	78,139	137,349	27	20,000	3,817,370	
Depreciation charge	-	511	27,504	4,835	282,023	48,830	24,197	2,229	11,546	2,491	18	23,862	25,073	25	6,000	459,144	
Net book value at June 30, 2008	5,112	27,065	251,215	46,424	2,562,179	199,503	64,430	2,142	14,926	4,675	-	54,277	112,276	2	14,000	3,358,226	
As at June 30, 2007																	
Cost	5,112	34,132	344,699	78,861	3,886,953	743,604	113,045	14,763	72,115	14,203	1,300	133,290	163,303	389	30,000	5,635,769	
Accumulated depreciation	-	6,556	70,255	34,106	1,086,256	636,676	50,089	11,371	48,232	7,504	1,282	69,659	52,484	362	10,000	2,084,832	
Book value	5,112	27,576	274,444	44,755	2,800,697	106,928	62,956	3,392	23,883	6,699	18	63,631	110,819	27	20,000	3,550,937	
As at June 30, 2008																	
Cost	5,112	34,132	348,974	85,365	3,903,672	875,382	138,687	15,716	71,670	14,573	1,300	147,656	176,590	389	30,000	5,849,218	
Accumulated depreciation	-	7,067	97,759	38,941	1,341,493	675,879	74,257	13,574	56,744	9,898	1,300	93,379	64,314	387	16,000	2,490,992	
Book value	5,112	27,065	251,215	46,424	2,562,179	199,503	64,430	2,142	14,926	4,675	-	54,277	112,276	2	14,000	3,358,226	

Note 2008 2007
(Rupees in '000)

6.2 Allocation of depreciation

Depreciation has been allocated as follows:

Cost of goods manufactured	31.1	429,166	436,669
Administrative expenses	33	29,978	28,485
		<u>459,144</u>	<u>465,154</u>

6.3 Certain dies and moulds having book value of Rs. 26,371 thousand (2007: Rs. 36,164 thousand) are held with Pak Polymer (Private) Limited, Sigma Industries (Private) Limited, Syed Bhai's (Private) Limited, Zahoor Die Casting Company, Pakistan Machine Tool Factory (Private) Limited, Auvitronics Limited, Automotive Plastics and Atlas Engineering Limited (an associated company) for production of components to be supplied to the Company.

6.4 Disposal of fixed assets

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

(Rupees in '000)

Assets	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Mode of disposal	Particulars of Buyers
Plant & machinery							
	2,611	2,001	610	610	-	Negotiation	Electro Polymers Pvt Ltd, 79-C, National Highway, Phase II, Extension II, DHA, Karachi.
	7,134	5,901	1,233	-	(1,233)	Write off	-
	6,977	5,782	1,195	-	(1,195)	Write off	-
	6,286	5,166	1,120	-	(1,120)	Write off	-
	350	293	57	66	9	Tender	Choice Enterprises, D-200, Haroonabad Shershah Village, Karachi.
	484	397	87	96	9	Tender	Choice Enterprises, D-200, Haroonabad Shershah Village, Karachi.
	371	297	74	81	7	Tender	Choice Enterprises, D-200, Haroonabad Shershah Village, Karachi.
	343	253	90	99	9	Tender	Choice Enterprises, D-200, Haroonabad Shershah Village, Karachi.
	24,556	20,090	4,466	952	(3,514)		
Dies & Jigs							
	4,736	3,390	1,346	-	(1,346)	Write off	-
	2,014	1,511	503	-	(503)	Write off	-
	2,014	1,511	503	-	(503)	Write off	-
	8,764	6,412	2,352	-	(2,352)		
Vehicles							
	1,202	808	394	493	99	Company Policy	Nurul Hoda, Director
	1,200	891	309	492	183	Tender	Saleem Ahmed Siddiqui, L-2290, III, KDA Sch33
	832	413	419	428	9	Company Policy	Habib Uddin Baqai, Executive
	872	312	560	560	-	Company Policy	Mohammad Siddique, Executive
	1,295	885	410	663	253	Tender	Adnan Hassan, House # A-908 Block 12, Gulberg, F.B. Area Karachi.
	395	64	331	331	-	Insurance Claim	Atlas Insurance Company Ltd., Federation House, Shara-e-Firdousi, Clifton, Karachi. (Associated Company)
	1,022	363	659	659	-	Company Policy	Javed Akhter Zaidi, Ex-Executive
	395	64	331	331	-	Company Policy	Imran Idrees, Employee
	73	13	60	60	-	Company Policy	Pervez Alam, Employee
	68	10	58	58	-	Company Policy	Kashif Aqeel, Employee
	832	508	324	344	20	Company Policy	Tariq Wasi, Employee
	61	6	55	55	-	Company Policy	Mohammad Ali Khan, Employee
	784	484	300	325	25	Company Policy	Theresa Dias, Executive
	434	268	166	180	14	Company Policy	Mughees Ahmed, Executive
	499	111	388	388	-	Company Policy	S.J. Chohan, Ex-Executive
	390	75	315	315	-	Insurance Claim	Atlas Insurance Company Ltd., Federation House, Shara-e-Firdousi, Clifton, Karachi. (Associated Company)
	395	63	332	332	-	Insurance Claim	Atlas Insurance Company Ltd., Federation House, Shara-e-Firdousi, Clifton, Karachi. (Associated Company)
	832	514	318	345	27	Company Policy	Arshad Siddiqui, Executive
	73	22	51	51	-	Company Policy	Nawaid Ali Khan, Employee
	68	10	58	58	-	Company Policy	Shahid Hussain, Employee
	434	271	163	180	17	Company Policy	Khalid Mehmood, Employee
	395	105	290	290	-	Company Policy	Mohammad Arif, Ex-employee
	504	111	393	393	-	Company Policy	Afzal Ahmed Farooqui, Ex-employee
	872	350	522	522	-	Company Policy	Rizwan Idrees, Ex-employee
	395	81	314	314	-	Company Policy	Saqib Mehmood, Ex-employee
	390	86	304	304	-	Company Policy	Habib Rawalpindiwala, Ex-employee
	57	3	54	54	-	Company Policy	Mohammad Yasser, Ex-Employee
	434	249	185	179	(6)	Company Policy	Mohammad Akhlaq, Employee
	451	272	179	520	341	Auction	Ali Zaheer Naqvi, House No. 12, Street 7, F6/3, Islamabad.
	1,263	449	814	877	63	Auction	Saqib Waseem, 128X DHA Lahore

(Rupees in '000)

Assets	Cost	Accumulated Depreciation	W.D.V.	Sales Proceeds	Profit/(Loss)	Mode of disposal	Particulars of Buyers
Vehicles							
	511	156	355	361	6	Company Policy	Saqib Majeed, Employee
	73	18	55	57	2	Company Policy	Ateeq Ur Rehman, Employee
	883	234	649	649	-	Company Policy	Riaz A.Butt, Executive
	403	60	343	343	-	Company Policy	M.Nawaz, Executive
	1,017	196	821	748	(73)	Company Policy	Javed Afghani, Executive
	68	13	55	55	-	Company Policy	Naeem Ahmad, Employee
	398	82	316	316	-	Company Policy	Naeem Mohsin, Employee
	665	572	93	275	182	Auction	Malik Hanif Abbas, House No. 80, Allama Iqbal Park, Sheikhpura
	828	489	339	354	15	Company Policy	Syed Sohail Raza, Executive
	502	249	253	289	36	Company Policy	Tahir Naseem, Executive
	73	23	50	50	-	Company Policy	Hafiz Muhammad Haider, Employee
	73	22	51	51	-	Company Policy	Hassan Kashif, Employee
	73	19	54	54	-	Company Policy	Azmat Ullah Rana, Employee
	73	22	51	51	-	Company Policy	Abdul Wahid, Employee
	73	22	51	51	-	Company Policy	Muhammad Ammar, Employee
	68	17	51	51	-	Company Policy	Muhammad Akram, Employee
	68	15	53	53	-	Company Policy	Abu Adil Mir, Employee
	398	73	325	320	(5)	Company Policy	M.Afzal Shahid, Employee
	403	78	325	342	17	Company Policy	Faisal Mehmud, Employee
	1,345	316	1,029	1,029	-	Company Policy	Amir Awan, Ex-Executive
	399	47	352	352	-	Insurance Claim	Atlas Insurance Company Ltd., The Mall Road, Lahore. (Associated Company)
	406	41	365	365	-	Company Policy	Abdul Rehman Arif, Employee
	406	14	392	392	-	Company Policy	Hassan Kashif, Employee
	67	6	61	61	-	Company Policy	Nauman Ali, Employee
	<u>26,190</u>	<u>10,645</u>	<u>15,545</u>	<u>16,770</u>	<u>1,225</u>		
Aggregate values of items where WDV is less than Rs. 50,000	18,260	15,837	2,423	3,269	846	Tender/Co Policy	Various
2008	<u>77,770</u>	<u>52,984</u>	<u>24,786</u>	<u>20,991</u>	<u>(3,795)</u>		
2007	<u>50,234</u>	<u>29,466</u>	<u>23,159</u>	<u>24,968</u>	<u>1,809</u>		

Note 2008 (Rupees in '000) 2007

6.5 Capital work in progress

Plant and Machinery		10,242	6,382
Building		5,090	286
Factory Equipment		490	-
Electric & gas fittings		996	6,110
Advance for purchase of vehicles	6.6	1,561	3,216
		<u>18,379</u>	<u>15,994</u>

6.6 Includes Rs 1,561 (2007: Rs 2,821) paid to Honda Atlas Car (Pakistan) Limited (an associated company).

7. INTANGIBLE ASSETS

(Rupees in '000)

Particulars	Cost		Amortization			W.D.V.	
	As at July 01, 2007	As at June 30, 2008	As at July 01, 2007	For the Year	As at June 30, 2008	June 30, 2008	
Software licenses	22,136	5,583	27,719	14,681	6,308	20,989	6,730
SAP implementation cost	35,791	-	35,791	18,922	8,786	27,708	8,083
2008	<u>57,927</u>	<u>5,583</u>	<u>63,510</u>	<u>33,603</u>	<u>15,094</u>	<u>48,697</u>	<u>14,813</u>
2007	<u>48,734</u>	<u>9,193</u>	<u>57,927</u>	<u>19,644</u>	<u>13,959</u>	<u>33,603</u>	<u>24,324</u>

	Note	2008 (Rupees in '000)	2007
8. INVESTMENTS - AVAILABLE FOR SALE			
Available-for-sale investments			
Unquoted			
Arabian Sea Country Club Limited			
200,000 (2007: 200,000) ordinary shares of Rs. 10 each.		2,000	2,000
Less: Impairment in the value of investment		2,000	2,000
		-	-
Automotive Testing & Training Centre (Private) Limited			
50,000 (2007: 50,000) ordinary shares of Rs. 10 each		500	500
Less: Impairment in the value of investment		500	500
		-	-
Atlas Islamic Fund (Related party)			
NIL (2007: 100,000) of Rs. 500 each		-	51,761
		-	51,761
		-	51,761
9. LONG TERM LOANS AND ADVANCES			
Considered Good			
Due from:			
Executives	9.1	773	2,426
Non executives		21,774	20,699
		22,547	23,125
Less: Installments recoverable within twelve months			
Executives		-	2,371
Non executives		8,504	7,811
		8,504	10,182
		14,043	12,943
9.1 Reconciliation of loans and advances to executives			
Balance at beginning of the year		2,426	2,120
Add: Disbursement		3,367	3,591
		5,793	5,711
Less: Recovered during the year		5,020	3,285
		773	2,426
9.2 These loans have been provided to executives and employees for personal use and for purchase of motorcycles. Personal loans are repayable in eighteen monthly installments whereas motorcycles loans are repayable in equal monthly installments within a maximum period of four years. Motorcycles loans are secured against motorcycles which are registered in the name of the Company.			
9.3 Maximum amount due from executives at the end of any month in respect of long and short term loans and advances was Rs 6,682 thousand (2007: Rs.2,426 thousand).			

	Note	2008 (Rupees in '000)	2007
10. LONG TERM DEPOSITS AND PREPAYMENTS			
Considered Good			
Deposits		12,903	13,860
Prepayments		600	2,040
		<u>13,503</u>	<u>15,900</u>
11. STORES, SPARES & LOOSE TOOLS			
Consumables stores		74,921	70,558
Maintenance spares		134,118	104,640
Loose tools		220,557	242,379
		<u>429,596</u>	<u>417,577</u>
Less: Provision for slow moving stores, spares & loose tools	12.1	12,032	9,847
		<u>417,564</u>	<u>407,730</u>
12. STOCK-IN-TRADE			
Raw materials & components			
In hand		1,469,143	1,184,739
With third parties		117,926	90,437
		<u>1,587,069</u>	<u>1,275,176</u>
Work in Process		8,305	6,378
Finished Goods			
Motorcycles		27,605	44,802
Spare parts		87,878	56,087
		<u>115,483</u>	<u>100,889</u>
Goods in transit		174,552	225,897
		<u>1,885,409</u>	<u>1,608,340</u>
Less: Provision for slow moving stocks	12.1	23,340	27,415
		<u>1,862,069</u>	<u>1,580,925</u>

12.1 Provision for slow moving stocks

	Stock in trade		Stores, spares & loose tools	
	2008 (Rupees in '000)	2007	2008 (Rupees in '000)	2007
Balance at beginning	9,847	9,847	27,415	21,617
Add: Provision for the year	3,806	-	6,540	5,798
Less: Reversal made during the year	1,621	-	10,615	-
	<u>12,032</u>	<u>9,847</u>	<u>23,340</u>	<u>27,415</u>

12.2 Stock in trade and trade debtors upto a maximum amount of Rs. 2,529 million (2007: Rs. 2,529 million) are under hypothecation as security for the Company's short term finances (Note 26).

	Note	2008	2007
(Rupees in '000)			
13. TRADE DEBTS			
Considered Good			
Export - Secured		26,275	21,002
Local - Unsecured		381,079	261,247
		407,354	282,249

13.1 The bank has lien on export bills / contracts upto a maximum of Rs. 250 million (2007: Rs. 100 million) against foreign currency financing (Note 12.2 & Note 26).

13.2 Amount due from related parties, directors, Chief Executive and executives were NIL (2007:NIL).

14. LOANS AND ADVANCES

Considered good

Loan and advances to other employees		11,389	3,646
Advances to employees for expenses			
- unsecured	14.1	2,346	314
Advances to suppliers, contractors and others			
- unsecured		17,115	6,411
Current portion of loans and advances	9	8,504	10,182
		39,354	20,553

14.1 Advances to employees for expenses include amount due from executives was NIL (2007: 62 thousands).

14.2 Amount due from related parties, directors and Chief Executive were NIL (2007:NIL).

15. TRADE DEPOSITS AND PREPAYMENTS

Trade deposits	15.1	219,297	2,264
Prepayments		3,932	2,811
		223,229	5,075

15.1 Includes LC margin of Rs 21.884 million (2007:NIL) held with Atlas Bank Limited (an associated company).

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

No of Units		Related Parties		
2008	2007		2008	2007
-	7,007	Atlas Stock Market Fund	-	4,876
1,937,407	1,433,043	Atlas Income Fund	1,013,923	783,403
-	8,338,050	Atlas Fund of Funds	-	76,710
Others				
921,063	-	First Habib Income Fund	94,252	-
2,984,481	-	POBOP Advantage Plus Fund	159,395	-
1,054,388	-	UTP Income Fund	109,730	-
6,897,339	9,778,100		1,377,300	864,989

	Note	2008 (Rupees in '000)	2007
17. ACCRUED INTEREST			
Interest accrued on savings deposit accounts		812	90
18. OTHER RECEIVABLES			
Receivable from Government:			
- Income tax deducted at source / paid in advance		284,029	236,419
- Sales Tax		149,550	1,590
		433,579	238,009
Unrealised gain on remeasurement of interest rate swap to fair value		-	33,900
Other receivable	18.1	20,288	11,643
		453,867	283,552
Other receivable- Considered doubtful		615	615
		454,482	284,167
Provision for doubtful receivable		615	615
		453,867	283,552

18.1 Other receivables include Rs. 17,674 thousand (2007: Rs. 9,852 thousand) duty draw back receivable from Collector of Customs.

19. CASH AND BANK BALANCES

In current account	401,879	393,056
In savings deposit accounts	24,282	442,115
Term deposits	-	60,000
Cheques in hand	77,977	24,452
	504,138	919,623

Cash & bank includes Rs 28.55 million (2007 : Rs 18.55 million) held with Atlas Bank Limited (an associated Co.).

20. SHARE CAPITAL

2008 (No of Shares)	2007	Authorised Capital	2008	2007
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000	1,000,000
Issued, subscribed and paid up capital				
6,352,748	6,352,748	Ordinary shares of Rs. 10 each fully paid-up in cash	63,528	63,528
40,686,407	34,517,044	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	406,864	345,170
259,300	259,300	Ordinary shares of Rs. 10 each issued against consideration other than cash	2,593	2,593
47,298,455	41,129,092		472,985	411,291

20.1 Movement in share capital during the year

			2008	2007
			(Rupees in '000)	
			2008	2007
		(No of Shares)		
41,129,092	35,764,428	As at June 30	411,291	357,644
6,169,363	5,364,664	Issued ordinary shares of Rs 10 each as fully paid bonus shares	61,694	53,647
<u>47,298,455</u>	<u>41,129,092</u>		<u>472,985</u>	<u>411,291</u>

20.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to company's residual assets.

20.3 On September 29, 2007 issuance of three bonus shares for every twenty shares (2007: three bonus shares for every twenty shares) held resulted in an increase in issued capital by Rs. 61,694 thousands (2007: Rs 53,647 thousands).

20.4 41,051,712 (2007: 22,104,766) ordinary shares of Rs. 10/- each were held by associated companies at the year end.

	Note	2008	2007
		(Rupees in '000)	
21. RESERVES			
Capital Reserves		40,118	40,118
General Reserve		2,187,000	1,941,000
Unrealized gain on remeasurement of hedging instruments		-	26,125
Unrealized gain on remeasurement of investments		-	1,761
		<u>2,227,118</u>	<u>2,009,004</u>
22. LONG TERM LIABILITIES			
Long term financing -Secured	22.1	691,968	1,096,419
Liabilities against assets subject to finance lease	22.2	5,549	12,848
		<u>697,517</u>	<u>1,109,267</u>

22.1 Long term financing-secured

Name of Banks	Sale price	Purchase price	No. of installments and date of commencement	Rate of markup	2008 (Rupees in '000)	2007
Bank of Tokyo-Mitsubishi UFJ Limited (Loan I)	250,000	353,767	10 Half yearly 05-04-06	0.5% over 6 months Kibor	125,000	175,000
Bank of Tokyo-Mitsubishi UFJ Limited (Loan II)	500,000	744,973	10 Half yearly 05-01-07	0.5% over 6 months Kibor	350,000	450,000
Habib Bank Limited	250,000	273,153	10 Half yearly 08-10-04	1.25% over 6 months T-bill	50,000	100,000
MCB Bank Limited	250,000	360,896	10 Half yearly 27-09-05	0.5% over 6 months KIBOR	121,420	170,440
National Bank of Pakistan (Loan I)	250,000	327,343	10 Half yearly 28-06-04	1.25% over 6 months T-Bill	25,000	75,000
National Bank of Pakistan (Loan II)	250,000	387,123	10 Half yearly 30-09-05	0.5% over 6 months KIBOR	100,000	150,000
National Bank of Pakistan (Loan III)	250,000	368,151	10 Half yearly 30-09-06	0.5% over 6 months KIBOR	175,000	225,000
National Bank of Pakistan (Loan IV)	250,000	368,151	10 Half yearly 02-01-07	0.5% over 6 months KIBOR	175,000	200,000
Standard Chartered Bank (Pakistan) Limited	-	-	10 Half yearly 04-01-03	0.75% over 6 months T-Bill	-	10,000
					1,121,420	1,555,440
Less: Current maturity shown under current liabilities - (Note 27)					429,452	459,021
					691,968	1,096,419

These loans are secured against first equitable mortgage charge ranking pari passu on immovable properties of the company, first pari passu charge by way of hypothecation of fixed assets of the company and demand promissory note.

22.2 Liabilities against assets subject to finance lease

	2008	2007	2008	2007
	(Rupees in '000)			
	Minimum lease payments		Present value of Minimum lease payments	
Year ended June 30, 2008	-	7,966	-	6,808
Year ended June 30, 2009	7,966	7,966	7,299	7,299
Year ended June 30, 2010	5,656	5,656	5,549	5,549
Total minimum lease payments	13,622	21,588	12,848	19,656
Less: Financial charges allocated to future periods	774	1,932	-	-
Present value of minimum lease payments	12,848	19,656	12,848	19,656
Current maturity shown under current liabilities-Note 27	7,299	6,808	7,299	6,808
	5,549	12,848	5,549	12,848

The above represents finance lease entered into with Atlas Bank Limited, an associated undertaking for generators. The balance of liability is payable by October 2009 in monthly installments. Monthly lease payments include finance charge of 7% per annum which is used as a discounting factor.

	Note	2008	2007
		(Rupees in '000)	
23. DEFERRED LIABILITIES			
Compensated leave absences	23.1	49,810	42,493
Deferred taxation	23.2	521,194	516,994
		571,004	559,487
23.1 Compensated leave absences			
Balance at beginning		42,493	35,224
Add: Provision for the year		13,693	10,166
		56,186	45,390
Less : Payments during the year		6,376	2,897
		49,810	42,493
23.2 Deferred taxation			
The liability for deferred taxation comprises of timing differences relating to:			
Deferred credit arising in respect of accelerated tax depreciation & amortisation		566,594	550,712
Deferred debit arising in respect of various provisions		(45,400)	(33,718)
		521,194	516,994
23.3 Movement of deferred tax liability			
Opening balance		516,994	384,465
Increase in deferred tax liabilities		15,882	139,684
Decrease in deferred tax assets		(11,682)	(7,155)
Charge for the year		4,200	132,529
		521,194	516,994

24. TRADE AND OTHER PAYABLES

	Note	2008	2007
(Rupees in '000)			
Trade creditors		1,291,388	900,262
Accrued liabilities		535,409	786,846
Provision for warranty	24.1	11,400	9,600
Customers advances & credit balances		1,259,745	802,216
Federal Excise Duty payable		17,940	25,685
Retention money		1,769	3,597
Sales tax & Special Excise Duty payable		7,726	138,384
Workers' Profit Participation Fund	24.2	53,287	43,153
Provision for gratuity	24.3	9,344	6,776
Workers' Welfare Fund	24.5	36,699	37,711
Unclaimed dividend	24.6	11,393	8,277
Other liabilities	24.7	11,281	8,459
		<u>3,247,381</u>	<u>2,770,966</u>

Accrued liabilities include Rs. 85,036 thousands (2007: Rs. 500,137 thousands) due to Honda Motor Co. Limited, Japan - an associated company. It also includes Rs. 63,822 thousands in respect of fair value of Cross Currency Swap.

24.1 Provision for warranty

Balance at beginning		9,600	9,700
Add: Provided during the year		1,800	-
		<u>11,400</u>	<u>9,700</u>
Less: Paid / reversed during the year		-	100
		<u>11,400</u>	<u>9,600</u>

24.2 Workers' profit participation fund

Balance as at beginning		43,153	56,086
Add: Return on funds utilised by the company		879	1,085
		<u>44,032</u>	<u>57,171</u>
Less: Payment made during the year		44,032	57,171
		<u>-</u>	<u>-</u>
Contributions for the year	35	53,287	43,153
		<u>53,287</u>	<u>43,153</u>

24.3 Provision for gratuity

Balance at beginning		6,776	6,492
Add: Provision for the year	24.4	9,344	6,776
		<u>16,120</u>	<u>13,268</u>
Less: Payments during the year		6,776	6,492
		<u>9,344</u>	<u>6,776</u>

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

	Management		Non-management		Total	
	2008	2007	2008	2007	2008	2007
	Funded		Funded			
	(Rupees in '000)					
Present value of defined benefit obligation (actuarial liability)	109,157	95,225	21,189	24,758	130,346	119,983
Fair value of plan assets	(73,992)	(70,384)	(27,796)	(26,704)	(101,788)	(97,088)
Payable/(receivable) to associated companies in respect of transferees	(2,348)	2,126	4,872	361	2,524	2,487
Unrecognized actuarial gain / (loss)	(24,211)	(20,601)	2,473	1,995	(21,738)	(18,606)
Balance at end	8,606	6,366	738	410	9,344	6,776
Net Liability at the beginning of the year	6,366	6,175	410	317	6,776	6,492
Charge for the year	8,606	6,366	738	410	9,344	6,776
Contributions	(6,366)	(6,175)	(410)	(317)	(6,776)	(6,492)
Net liability at the end of the year	8,606	6,366	738	410	9,344	6,776

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

Present value of defined benefit obligation	95,225	81,193	24,758	22,069	119,983	103,262
Current service cost	5,159	4,272	924	856	6,083	5,128
Interest cost	9,220	6,972	2,451	1,993	11,671	8,965
Benefit paid	(7,292)	(4,128)	(865)	(605)	(8,157)	(4,733)
Actuarial (gain) / loss	3,826	9,042	(1,568)	806	2,258	9,848
Receivable/ (payable) to associated companies in respect of transferees	3,019	(2,126)	(4,511)	(361)	(1,492)	(2,487)
Present value of defined benefit obligation	109,157	95,225	21,189	24,758	130,346	119,983

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

Fair value of plan assets as at June 30, 2007	70,384	61,695	26,704	25,963	97,088	87,658
Expected return on plan assets	6,696	5,312	2,637	2,323	9,333	7,635
Contributions	6,366	6,175	410	317	6,776	6,492
Benefits paid	(7,292)	(4,127)	(865)	(605)	(8,157)	(4,732)
Actuarial gain / (loss)	(707)	1,329	(1,090)	(1,294)	(1,797)	35
Receivable/(payable) to associated companies in respect of transferees	(1,455)	-	-	-	(1,455)	-
Fair value of plan assets as at June 30, 2008	73,992	70,384	27,796	26,704	101,788	97,088

	Management		Non-management		Total	
	2008	2007	2008	2007	2008	2007
	Funded		Funded			
	(Rupees in '000)					
Plan assets comprises:						
Debt	44,014	50,046	11,340	10,621	55,354	60,667
Equity	29,809	20,049	15,700	15,700	45,509	35,749
Cash	169	289	756	383	925	672
	73,992	70,384	27,796	26,704	101,788	97,088
Actual return on plan assets	5,992	6,642	1,558	1,029	7,550	7,671

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:

	2008	2007	2006	2005	2004
Present value of defined benefit obligation	130,346	119,983	103,262	96,625	83,326
Fair value of plan assets	101,788	97,088	87,658	80,298	73,508
Surplus / (deficit)	(28,558)	(22,895)	(15,604)	(16,327)	(9,818)
Experience adjustment on obligation (gain)/loss	2,258	9,848	(3,004)	7,242	2,704
Experience adjustment on plan assets (gain)/loss	1,783	(35)	1,012	(782)	(763)

The expense is recognized in the following line items in the income statement.

	Note	Management		Non-management		Total	
		2008	2007	2008	2007	2008	2007
		Funded		Funded			
		(Rupees in '000)					
Cost of sales	31.4	3,196	2,364	738	410	3,934	2,774
Distribution cost	32.2	1,048	775	-	-	1,048	775
Administrative expenses	33.2	4,362	3,227	-	-	4,362	3,227
		8,606	6,366	738	410	9,344	6,776

Principal actuarial assumptions at the balance sheet date for:

Discount rate	12%	10%	12%	10%
Future salary increases	11%	9%	11%	9%
Return on investment	12%	10%	12%	10%

	Note	2008 (Rupees in '000)	2007
24.5 Workers' welfare fund			
Balance at beginning		37,711	21,313
Less: Paid during the year		9,261	-
		28,450	21,313
Add: Charge for the current year (Adjustment) / prior year	35	20,249 (12,000)	16,398 -
		8,249	16,398
		36,699	37,711
24.6 Unclaimed dividend			
Dividends		11,383	8,267
Bonus fractions		10	10
		11,393	8,277

The board of directors have proposed a final dividend for the year ended June 30, 2008 of Rs. 6.5 (2007: Rs. 6.0) per share at their meeting held on August 26, 2008 for approval of the members at the Annual General Meeting to be held on September 27, 2008. These financial statements do not reflect this dividend payable as explained above.

24.7 Other liabilities include vehicle deposits under company vehicle policy amounting to Rs. 4,327 thousands (2007: 3,192 thousands).

	2008 (Rupees in '000)	2007
25. ACCRUED MARK-UP/INTEREST		
Long term financing	45,782	49,809
Short term borrowing	4,047	7,226
	49,829	57,035

26. SHORT TERM FINANCES

The company has facilities for short-term running finance under mark-up arrangements amounting to Rs. 1,855 million (2007: Rs.1,800 million). The facilities carry mark-up at the rate of Re. 0.2764 to Re. 0.4008 (2007: Re. 0.2764 to Re. 0.3244) per thousand per day on daily product basis. These facilities are secured against joint hypothecation charge on stocks-in-trade and trade debts amounting to Rs. 2,529 million (2007: Rs. 2,193 million). These facilities are expiring on various dates by March 31, 2009. The markup on running finance facilities is payable on quarterly basis.

The facility for opening letters of credit and guarantees as at 30 June, 2008 amounted to Rs. 2,835 million (2007: Rs. 2,835 million) of which the amount remaining unutilized at the year-end was Rs. 1,768 million (2007: Rs. 2,225 million)

This facility is secured against lien on export bills / contract. The company has facility for foreign currency finance amounting to Rs. 250 million (2007: Rs. 120 million) which is secured against lien on export bills/contracts.

	Note	2008 (Rupees in '000)	2007
27. CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term loans	22.1	429,452	459,021
Current Portion of liability against assets subject to finance lease	22.2	7,299	6,808
		<u>436,751</u>	<u>465,829</u>
28. PROVISION FOR TAXATION			
Balance at beginning		98,240	145,961
Add: Provision made during the year			
Current year		298,000	98,000
Prior year		(1,009)	19,395
		296,991	117,395
Less: Payment during the year		97,231	165,116
		<u>298,000</u>	<u>98,240</u>

28.1 The charge for the year can be reconciled to the profit as per the income statement as follows:

Profit before tax		<u>1,004,200</u>	<u>803,515</u>
Tax at the applicable income tax rate	35%	351,470	281,230
Tax effect of expenses that are not deductible in determining taxable profit as under:			
Gratuity	0.1%	899	99
Leave Encashment	0.3%	2,560	(782)
Depreciation & amortisation	0.5%	5,079	(141,896)
Gain on disposal of fixed assets	-0.1%	(1,041)	137
Other	-0.2%	(1,590)	(874)
Gain on sale of investment	-3.5%	(34,886)	(16,656)
Gain on remeasurement of Investment	-1.8%	(18,566)	(15,597)
Unrealized gain on remeasurement of derivatives	0.0%	-	(2,721)
Effect of difference in tax rates under normal assessment and presumptive tax regime	-0.3%	(2,590)	(1,188)
Effect of difference in tax rates under normal assessment and tax on dividend for companies	-0.3%	(3,335)	(3,752)
	29.7%	<u>298,000</u>	<u>98,000</u>

29. CONTINGENCIES & COMMITMENTS

29.1 Contingencies

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

	Note	2008 (Rupees in '000)	2007
29.2 Guarantees			
Issued by bank		70,390	142,063

Guarantees are issued to Collector of Customs and Government institutions and shall be released on delivery of motorcycles. These are issued under normal operations.

29.3 Commitments

- Confirmed letters of credit relating to raw materials and parts		783,330	581,850
Plant and equipment		134,889	7,056

- The operating lease arrangement with associated undertaking is extendible after six months. Commitment of operating lease rentals in respect of electric and gas fittings is as follows:

Due in one year		10,838	5,963
Due in one to five years		-	-

- The company has entered into Ijarah agreements with Meezan Bank Limited for electrical and gas fittings under which rentals are payable quarterly. Commitment of Ijarah rentals are as follows:

Due in one year		15,652	-
Due in one to five years		53,303	-

30. SALES

Motorcycles & spare parts		24,301,710	19,601,115
Less: Trade discount & commission	30.1	27,263	52,535
Sales Tax & Special Excise Duty		3,418,912	2,940,167
		20,855,535	16,608,413

30.1 Commission to associated company on export sales amounting to Rs. 3,041 thousand (2007: Rs. 4,777 thousand) is included in trade discount.

31. COST OF SALES

Stock at beginning		100,889	111,712
Cost of goods manufactured	31.1	18,736,357	14,609,713
Purchases		577,231	424,104
		19,313,588	15,033,817
Stocks at end	12	19,414,477	15,145,529
		115,483	100,889
		19,298,994	15,044,640

	Note	2008	2007
(Rupees in '000)			
31.1 Cost of goods manufactured			
Work in process at beginning		6,378	233,800
Raw materials & components consumed	31.2	15,646,957	11,673,687
Direct labour	31.3	395,551	328,637
Technical director's remuneration	42.1	1,201	1,055
Salaries, wages & benefits	31.3 & 31.4	296,632	233,992
Stores consumed		368,766	319,482
Light, heat & water		145,218	174,712
Insurance		56,354	54,024
Rent, rates & taxes		19,172	24,009
Operating lease rentals / Ijarah payments		28,638	11,361
Repair & maintenance		113,433	122,855
Royalty		1,094,649	834,148
Federal Excise Duty on royalty		4,053	45,995
Technical assistance		13,803	5,569
Traveling, conveyance and entertainment		29,373	25,312
Postage & telephone		4,906	3,489
Printing & stationery		4,904	4,443
Vehicle running		11,148	12,232
Depreciation	6.2	429,166	436,669
Canteen		24,551	25,849
Newspapers, magazines & subscription		1,389	7,521
Staff training		889	1,136
Intangible assets amortized		15,098	13,959
Provision for slow moving stocks and stores		10,346	5,798
Marking fee		20,365	16,019
Other manufacturing expenses		1,722	338
		18,744,662	14,616,091
Work in process at end	12	8,305	6,378
		18,736,357	14,609,713
31.2 Raw materials & components consumed			
Stock at beginning		1,275,176	1,324,219
Purchases	31.5	15,958,850	11,624,644
		17,234,026	12,948,863
Stock at end	12	1,587,069	1,275,176
		15,646,957	11,673,687

31.3 Direct labour and salaries & benefits include Rs. 12,370 thousand (2007: Rs.10,524 thousand) in respect of provident fund contributions.

31.4 The following amounts have been charged to cost of sales during the year in respect of gratuity:

	Note	2008	2007
(Rupees in '000)			
Current service cost		3,348	2,361
Interest costs		6,220	4,386
Expected return on plan assets		(5,817)	(4,102)
Amortization of loss		183	129
		3,934	2,774

31.5 Purchases include custom duty rebates netted-off aggregating Rs 17,251 thousand (2007: Rs.16,720 thousand).

32. DISTRIBUTION COST

Directors remuneration	42.1	18,969	15,093
Salaries & benefits	32.1 & 32.2	86,470	67,423
Traveling, conveyance, entertainment & vehicle running		41,482	33,046
Rent, rates & taxes		11,082	9,296
Advertisement & publicity		24,488	63,031
Repairs & maintenance		2,624	1,547
Gas & electricity		2,070	1,842
Freight & forwarding		4,610	110,228
Printing & stationery		3,165	2,762
Postage & telephone		6,846	6,089
Sales promotion		25,238	22,457
Services charges		34,303	33,504
Insurance		3,935	4,439
Newspapers, magazines & subscription		1,377	390
Others		824	422
		267,483	371,569

32.1 Salaries and benefits include Rs. 4,406 thousand (2007: Rs. 3,612 thousand) in respect of provident fund contributions.

32.2 The following amounts have been charged to distribution cost during the year in respect of gratuity:

Current service cost		625	462
Interest costs		1,007	745
Expected return on Plan Assets		(713)	(527)
Amortization of loss		128	95
		1,047	775

	Note	2008	2007
(Rupees in '000)			
33. ADMINISTRATIVE EXPENSES			
Directors' remuneration	42.1	6,358	6,694
Directors' meeting fee	42.2	70	80
Salaries & benefits	33.1 & 33.2	138,163	117,976
Traveling, conveyance & entertainment		9,390	13,843
Rent, rates & taxes		4,728	4,295
Insurance		3,469	3,187
Repairs & maintenance		7,279	6,905
Legal & professional charges		4,120	2,770
Gas & electricity		873	1,460
Fees & subscription		1,643	1,233
Postage & telephone		2,081	1,682
Printing & stationery		2,927	1,307
Vehicle running		7,096	7,505
Training expense		1,032	987
Depreciation	6.2	29,978	28,485
Donations	33.3	8,080	10,485
Others		472	367
		227,759	209,261

33.1 Salaries and benefits include Rs 4,968 thousand (2007: Rs. 4,585 thousand) in respect of provident fund contributions.

33.2 The following amounts have been charged to administrative expenses during the year in respect of gratuity:

Current service cost	2,617	1,924
Interest costs	4,362	3,104
Expected return on Plan Assets	(3,053)	(2,197)
Amortization of loss	436	396
	4,362	3,227

33.3 Donations include Rs. 8,040 thousand (2007: Rs. 10,470 thousand) paid to Atlas Foundation. 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi. Mr. Yusuf H. Shirazi, Chairman and Mr. Saquib H. Shirazi, Chief Executive Officer are on the Board of the Foundation.

	2008	2007
(Rupees in '000)		
34. OTHER OPERATING INCOME		
Income from financial assets:		
Interest on deposits:		
Associated company	24,304	1,917
Others	7,209	6,045
	31,513	7,962
Dividend income	13,341	12,507
Gain on sale of investments	99,673	47,589
Gain on re-measurement of investments	51,942	44,564
Unrealised gain on remeasurement of derivative financial instruments at fair value	-	7,773
Exchange gain	3,814	1,823
Income from non financial assets:		
Other income	1,163	164
Reversal of provision for slow moving stocks	12,236	-
Scrap sales	48,083	26,490
Gain on sale of fixed assets	2,105	1,809
	263,870	150,681

	Note	2008 (Rupees in '000)	2007
35. OTHER OPERATING EXPENSES			
Auditors' remuneration	35.1	1,442	1,221
Workers' Profit Participation Fund		53,287	43,153
Workers' Welfare Fund		8,249	16,398
Fixed assets written off		5,900	-
		<u>68,878</u>	<u>60,772</u>
35.1 Auditor's Remuneration			
Audit fee		490	446
Half year review of financial statements		212	193
Review of code of corporate governance		91	83
Audits of gratuity fund, provident fund and WPPF		188	171
Certification of royalty, technical fee and dividend		383	257
Out of pocket expenses		78	71
		<u>1,442</u>	<u>1,221</u>
36. FINANCE COST			
Interest / mark-up / return on:			
Short term loans		6,407	85,102
Long term loans		146,110	169,457
Workers' profit participation fund	24.2	879	1,085
Exchange loss		85,215	-
Finance charge on finance lease		1,158	1,616
Other financial charges		12,322	12,077
		<u>252,091</u>	<u>269,337</u>
37. TAXATION			
Current year		298,000	98,000
Prior years'		(1,009)	19,395
Deferred		4,200	132,529
		<u>301,191</u>	<u>249,924</u>
38. EARNINGS PER SHARE			
Basic and diluted earnings per share			
Earnings for purposes of earnings per share (net profit for the year)		<u>703,009</u>	<u>553,591</u>
Weighted average number of outstanding ordinary shares for the purposes of earnings per share		<u>47,298,455</u>	<u>47,298,455</u>
Basic and diluted earnings per share - Rupees		<u>14.86</u>	<u>11.70</u>

6,169,363 (2007: 5,364,664) bonus shares of Rs.10 each were issued on September 29, 2007. Weighted average number of ordinary shares for the previous periods have been restated accordingly.

	Note	2008	2007
(Rupees in '000)			
39. CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before taxation		1,004,200	803,515
Adjustment for:			
Depreciation		459,144	465,154
Unrealised (gain) / loss on remeasurement of investments		(51,942)	(44,564)
Gain on sale of investments		(99,673)	(47,589)
Interest income		(31,513)	(7,962)
Interest expense		152,517	254,559
Dividend income		(13,341)	(12,507)
Amortization		15,094	13,959
Finance cost on finance leased assets		1,158	1,616
Provision for employee compensated absences		13,693	10,166
Gain on sale of fixed assets		(2,105)	(1,809)
Fixed assets written off		5,900	-
Unrealised (gain) / loss on remeasurement of derivative financial instruments to fair value		-	(7,773)
Reversal of provision for slow moving stocks		(12,236)	-
Provision for slow moving stocks		10,346	5,798
Operating profit before working capital changes		1,451,242	1,432,563
Working capital changes:			
(Increase) / decrease in current assets:			
Stores, spares & tools		(9,834)	(28,350)
Stock in trade		(279,254)	350,952
Trade debtors		(125,105)	(1,801)
Loans and advances		(18,801)	30,807
Trade deposits and prepayments		(218,154)	(2,077)
Other receivables		(156,605)	64,324
		(807,753)	413,855
Increase in current liabilities:			
Trade and other payables		477,552	362,641
Cash generated from operations		1,121,041	2,209,059
Interest paid		(159,723)	(266,612)
Markup / interest received on deposits		30,791	8,415
Income taxes paid (including tax deducted at source)		(144,841)	(166,682)
Compensated absences paid		(6,376)	(2,897)
Long term loans and advances		(1,100)	4,154
Long term deposits and prepayments		2,397	(4,873)
Cash flow from operating activities		842,189	1,780,564

40. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2008								(Rupees in '000)	
	Interest bearing				Non interest bearing				2007	
	Effective interest rates	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub-total	Total	Effective interest rates	Total
Financial assets										
Long term loans and advances	-	-	-	-	8,504	14,043	22,547	22,547	-	23,125
Long term deposits	-	-	-	-	-	12,903	12,903	12,903	-	13,860
Trade debtors	-	-	-	-	407,354	-	407,354	407,354	-	282,249
Loans and advances	-	-	-	-	39,354	-	39,354	39,354	-	20,553
Trade deposits	-	-	-	-	219,297	-	219,297	219,297	-	2,264
Other receivables	-	-	-	-	20,288	-	20,288	20,288	-	45,543
Accrued mark-up / interest	-	-	-	-	812	-	812	812	-	90
Investments	9%-12%	-	-	-	1,377,300	-	1,377,300	1,377,300	7%-10%	864,989
Bank balances	5%-9%	24,282	-	24,282	479,856	-	479,856	504,138	2%-5%	895,171
		24,282	-	24,282	2,552,765	26,946	2,579,711	2,603,993		2,147,844
Financial liabilities										
Long term loan	10%-11%	429,452	691,968	1,121,420	-	-	-	1,121,420	10.11%-11.1%	2,014,461
Liability under finance lease	7%	7,299	5,549	12,848	-	-	-	12,848	7%	19,656
Trade and other payables	-	-	-	-	3,185,016	-	3,185,016	3,185,016	-	2,569,186
Accrued mark-up / interest	-	-	-	-	49,829	-	49,829	49,829	-	57,035
		436,751	697,517	1,134,268	3,234,845	-	3,234,845	4,369,113		4,660,338
On balance sheet gap		(412,469)	(697,517)	(1,109,986)	(682,080)	26,946	(655,134)	(1,765,120)		(2,512,494)
Off balance sheet		-	-	-	-	-	-	-		-

40.1 Financial risk management objectives

The company's operations expose it to financial risk mainly due to changes in foreign exchange rates. Risk management is carried out by the management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

40.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primarily attributable to its receivables. Aggregate amount of financial assets subject to credit risk are Rs. 2,604 thousand (2007: Rs 2,148 thousand).

Major part of the sales of the company is against advance payments. Significant receivable balances relate to the balances due from the Government of Pakistan and other government departments. The company believes that it is not exposed to any specific credit risk in respect of these balances. Credit risk for balances at banks is limited by dealing with various banks with reasonably high credit rating.

40.3 Foreign exchange risk management

Currency risk is the risk that the value of the financial instrument will fluctuate due to changes in exchange rates. Currency risk arises mainly where receivables and payables exist due to foreign transactions with foreign undertakings. Payables exposed to foreign risks are covered through forward exchange contracts, wherever required.

40.4 Capital risk management

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

40.5 Interest / Markup rate risk

The company has long term Rupee based loans at variable rates. Rates on short term finances are effectively fixed. The company has also entered into cross currency and interest rate swap agreements with commercial banks to mitigate against the adverse movement of interest rates.

40.6 Liquidity risk

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

41. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions. Amount due from and to related parties, if any, shown under receivables and payables and remuneration of key management personnel is disclosed in the note no. 42. Other significant transactions with related parties are as follows:

	2008	2007
	(Rupees in '000)	
Associated companies		
Sales	19,857	14,286
Sale of fixed assets	50	949
Purchases	3,837,423	2,986,593
Fixed assets purchased	16,731	65,079
Royalty	1,010,703	881,533
Export commission	3,043	4,777
Technical fees	4,803	18,300
Interest on deposits	24,304	3,010
Interest expense	895	-
Lease rentals paid	18,807	19,326
Brokerage fees	417	2,936
Rent paid	23,472	21,339
Insurance premium	116,392	103,994
Insurance claim	10,905	9,372
Sale of investments	871,112	401,059
Purchase of investments	1,030,000	200,000
Actual reimbursement of expenses - net	24,670	16,420
Dividend paid	205,986	179,119
Donation paid	8,040	10,470
Dividend received	13,341	12,507
Contribution to staff retirement funds	31,088	25,497

42. DIRECTORS' AND EXECUTIVES' REMUNERATION

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

	(Rupees in '000)							
	Chairman		Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007	2008	2007
Remuneration	3,326	3,326	5,294	4,990	3,866	3,375	65,200	50,905
Rent and utilities	1,197	1,197	3,706	2,387	1,865	1,624	39,233	36,578
Bonus	1,508	1,109	3,000	1,808	1,510	1,332	34,811	11,364
Provident Fund & gratuity	293	293	582	477	293	255	6,757	5,600
Medical and others	34	45	54	224	-	40	2,771	1,918
Reimbursement of expenses	-	360	-	-	-	-	-	-
Total	6,358	6,330	12,636	9,886	7,534	6,626	148,772	106,365
Number of Persons	1	1	1	1	3	3	74	56

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

42.2 Remuneration to other directors

Aggregate amount charged in the accounts for the year for fees to two directors was Rs. 70 thousand (2007: Rs 80 thousand).

43. PLANT CAPACITY

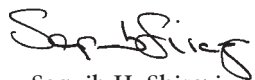
The production capacity of the plant cannot be determined as this depends upon relative proportion of various types of motorcycles and motorcycle components produced.

44. CORRESPONDING FIGURES

Previous figures have been rearranged and reclassified wherever necessary for better presentation in the financial statements. There were no major reclassifications or rearrangements for the year.



Yusuf H. Shirazi
Chairman



Saquib H. Shirazi
Chief Executive Officer



Sherali Mundrawala
Director

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION
AS AT JUNE 30, 2008

Shareholders Category	No. of Shares held	Percentage
Associated companies, undertakings and related parties:		
Atlas Insurance Limited	1,340,981	2.84
Honda Motor Company Limited	16,554,460	35.00
Shirazi Investments (Pvt) Limited	11,556,671	24.43
Shirazi Capital (Pvt) Limited	11,599,600	24.52
	41,051,712	86.79
NIT and ICP:		
National Bank of Pakistan Trustee Department	257,743	0.55
Investment Corporation of Pakistan	531	0.00
IDBP ICP (Unit)	785	0.00
	259,059	0.55
Directors, CEO and their Spouses and minor children and Associates:		
Mr. Yusuf H. Shirazi & Associates	4	0.00
Mr. Saquib H. Shirazi (CEO)	1	0.00
Mr. Sanaullah Qureshi	185	0.00
Mr. Sherahli Mundrawala	6,803	0.01
Mr. Masahiro Takedagawa	1	0.00
	6,994	0.01
Executives	-	-
Public Sector Companies and Corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds.	-	-
Individuals	4,077,060	8.62
Others	1,903,630	4.03
Total	47,298,455	100.00

Shareholders holding 10% or more voting interest:

Honda Motor Company Limited	16,554,460	35.00
Shirazi Investments (Pvt) Limited	11,556,671	24.43
Shirazi Capital (Pvt) Limited	11,599,600	24.52

Details of Trading in the shares by Directors

Name	No. of Shares Transferred/Sold	Date of Transferred/Sold	Price per Share	Transferred / Sold to
Mr. Yusuf H. Shirazi	144,980	27-06-2008	210.25	Shirazi Investments (Pvt.) Limited
Mr. Saquib H. Shirazi (CEO)	914,162	27-06-2008	210.25	Shirazi Capital (Pvt.) Limited
Mr. Saquib H. Shirazi (CEO)	2,895,000	29-04-2008	232.05	Shirazi Investments (Pvt.) Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2008

No. of shareholders	Shareholdings				Total shares held
418	From	1	To	100	14,699
271	From	101	To	500	71,793
105	From	501	To	1,000	77,122
229	From	1,001	To	5,000	531,000
70	From	5,001	To	10,000	505,858
20	From	10,001	To	15,000	241,511
17	From	15,001	To	20,000	304,513
6	From	20,001	To	25,000	125,144
6	From	30,001	To	35,000	199,051
2	From	35,001	To	40,000	74,969
2	From	40,001	To	45,000	86,292
1	From	45,001	To	50,000	48,151
4	From	50,001	To	55,000	209,570
2	From	55,001	To	60,000	111,283
1	From	65,001	To	70,000	69,396
2	From	70,001	To	75,000	145,902
1	From	80,001	To	85,000	80,888
2	From	95,001	To	100,000	198,212
1	From	100,001	To	105,000	104,119
1	From	200,001	To	205,000	204,900
1	From	205,001	To	210,000	208,340
1	From	255,001	To	260,000	257,743
1	From	320,001	To	325,000	320,808
1	From	470,001	To	475,000	470,169
1	From	1,340,001	To	1,345,000	1,340,981
1	From	1,585,001	To	1,590,000	1,585,310
1	From	11,555,001	To	11,560,000	11,556,671
1	From	11,595,001	To	11,600,000	11,599,600
1	From	16,550,001	To	16,555,000	16,554,460
1,170					47,298,455

Categories of Shareholders	Shares held	Percentage
Directors, CEO, their spouse and minor children and Associates	6,994	0.01
** Associated Companies, undertakings and related parties	41,051,712	86.79
NIT and ICP	259,059	0.55
Banks, Development Finance Institutions, Non-Banking Finance Institutions	-	-
* Insurance Companies	-	-
Modarabas and Mutual Funds	-	-
** Shareholders holding 10%	-	-
General Public		
Local	4,077,060	8.62
Foreign	-	-
Others		
Corporate Law Authority (SECP)	1	0.00
Joint Stock Companies	112,926	0.25
Cooperative Society	446	0.00
Islamabad Stock Exchange	46	0.00
Loads Limited	1	0.00
Habib Bank AG Zurich (SWT)	204,900	0.43
JPMorgan (Suisse) SA	1,585,310	3.35
	47,298,455	100.00

Note: Included in Associated Companies

* Atlas Insurance Ltd. 1,340,981 shares

** Honda Motor Company Ltd. 16,554,460 shares, Shirazi Investments (Pvt) Ltd. 11,556,671 shares,
Shirazi Capital (Pvt) Ltd. 11,599,600 shares



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میں تہنڈا ای لے سار



CD100
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CG125

Feel Alive!



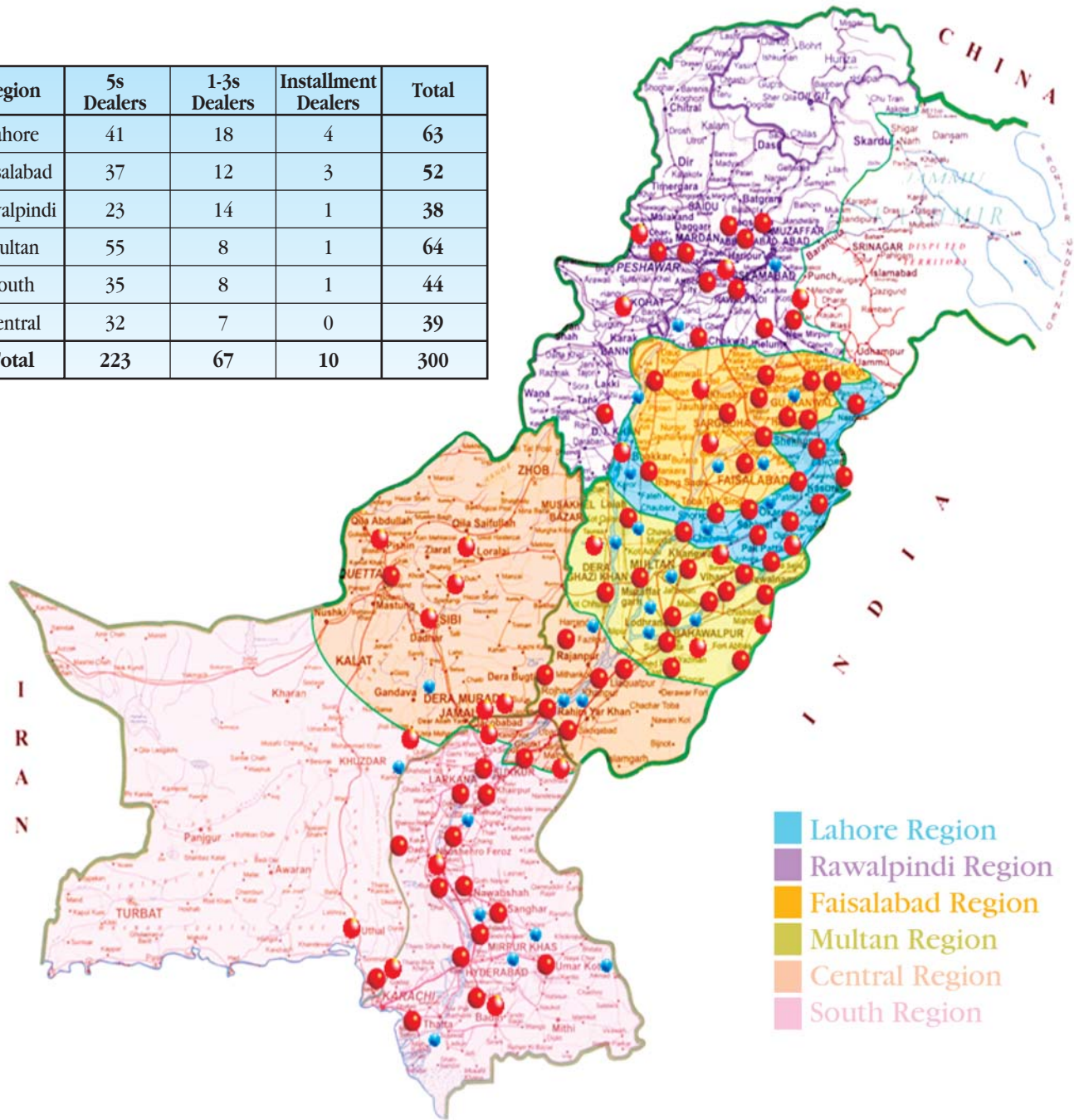
Leave an impression!

CG125
DELUXE



DEALERSHIP NETWORK

Region	5s Dealers	1-3s Dealers	Installation Dealers	Total
Lahore	41	18	4	63
Faisalabad	37	12	3	52
Rawalpindi	23	14	1	38
Multan	55	8	1	64
South	35	8	1	44
Central	32	7	0	39
Total	223	67	10	300



- Lahore Region
- Rawalpindi Region
- Faisalabad Region
- Multan Region
- Central Region
- South Region

Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1963
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
 Atlas Bank	1990
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Total Atlas Lubricants	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Capital Markets	2006
 Atlas Power	2007

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

PROXY FORM

I/We _____
of _____
being member(s) of Atlas Honda Limited and holder(s) of _____
Ordinary Shares as per Register Folio No. _____ hereby appoint

_____ of _____
or failing him _____
of _____
as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 44th Annual General Meeting of
the company to be held at the Registered Office of the Company at 1-Mcleod Road, Lahore, on Saturday,
September 27, 2008 at 11:00 a.m. and at every adjournment thereof.

As witness my/our hand this _____ day of _____ 2008
signed by the Said _____ in the presence of

(Witness)

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

Affix Revenue Stamp Signature
--

NOTE:

Proxies, in order to be effective, must be received at the company's Registered Office not less than 48 hours before
the meeting and must be duly stamped, signed and witnessed.



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

AFFIX
POSTAGE

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