



Organisation  
development  
through  
*self development*



 Atlas Engineering



## **Vision**

A leading customer oriented manufacturer and supplier of auto parts and components meeting world class standards.

## **Mission**

To realize vision by:

Dynamic manufacturing and marketing of good quality auto parts at competitive prices to the satisfaction of customers.

Continuously improve performance through advancement in technology and innovation, aim to generate earnings sufficient to ensure attractive return to the stakeholders.

Create ideal working environment leading to enhanced productivity, job satisfaction and provide employees opportunity for personal development.

Contribute to the national economy with a strong sense of responsibility to society and the environment.

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## Company Information



A view of AEL Factory

### Board of Directors

Yusuf H. Shirazi  
Chairman

Ali H. Shirazi  
Director

Bashir Makki  
Director

Frahim Ali Khan  
Director

Khaleeq-ur-Rahman Khan  
Director

Suhail Ahmed  
Director

Sadaqat Ali  
Chief Executive Officer

Danyal Ahmed Rasheed  
Company Secretary

## Management Committee

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Sadaqat Ali  
Chief Executive Officer

Shakil Ahmed  
Chief Financial Officer

Mushtaq Alam  
General Manager Information Technology

Mohammad Arshad Siddiqui  
General Manager Plant

Munzim Ahmed Vahidy  
General Manager Quality Assurance

Rashid Ahmed  
General Manager Supply Chain

Abdul Sattar  
Head of Human Resource & Administration

Faisal Mehmood  
Manager Sales & Marketing

## Auditors

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Legal Advisors

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Mohsin Tayebali & Co.  
Hassan & Humayun Associates  
HR Associates Advocate  
Agha Faisal Barrister at Law

## Tax Advisor

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Bankers

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Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
Dubai Islamic Bank Limited

## Registered Office and Factory

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15th Mile, National Highway, Landhi, Karachi-75120  
PABX: 111-111-AEL (235), Fax: 021-35011709  
Email: aelkhi@atlasengineering.com.pk  
Website: www.atlasengineering.com.pk

## Share Registrar

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Hameed Majeed Associates (Pvt.) Limited  
Karachi Chambers, Hasrat Mohani Road, Karachi  
Phones: 021-32424826 & 32412754  
Fax: 021-32424835  
E-mail: majeed@hmaconsultants.com

## Sales Offices

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### Lahore Office:

Salam Chambers, 1st Floor, 2-Kothalia Building  
McLeod Road, Lahore  
Phones: 042-37354245 & 37227075  
Fax: 042-37352724  
Mobile: 0307-4606099

### Multan Office:

Near Capri Cinema, Azmat Wasti Road, Multan  
Phone: 061-4512181  
Fax: 061-4541690 & 4586280  
Mobile: 0300-6302201

### Faisalabad Office:

No. 54, Chenab Market, Madina Town, Faisalabad  
Phone: 041-8549376  
Mobile: 0300-7982516

### Rawalpindi Office:

60, Bank Road, Saddar, Rawalpindi  
Phone: 051-5120495  
Mobile: 0333-5129411

## Notice of the Annual General Meeting

Notice is hereby given that the 52nd Annual General Meeting of Atlas Engineering Limited will be held at 2nd Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi on July 15, 2014 at 10:00 a.m. to transact the following business:

1. To confirm the minutes of Extra-Ordinary General Meeting held on May 9, 2014.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Report for the period ended March 31, 2014.
3. To consider and approve cash dividend of Rs. 1.50/- per share, i.e. 15% for the period ended March 31, 2014.
4. To appoint Auditors for the year 2014-2015 and to fix their remuneration.

By order of the Board



Danyal Ahmed Rasheed  
Company Secretary

Karachi June 23, 2014

### NOTES:

- i) The share transfer books of the Company will remain closed from July 9, 2014 to July 15, 2014. (both days inclusive).
- ii) A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his / her proxy to attend and vote on his / her behalf. The instrument appointing a proxy (Proxy Form) must be received at the Company's Registered Office not less than 48 hours before the time of holding of the meeting.
- iii) No person shall act as proxy unless he is a member of the Company. Signature of shareholder on Proxy Form must agree with the specimen signature registered with the Company. Appropriate revenue stamp should be affixed on the Proxy Form.
- iv) For the convenience of the shareholder, a Proxy Form is attached with this report.
- v) Any individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) with him / her to prove his / her identity and in case of proxy, must enclose an attested copy of his / her CNIC. Representatives of corporate members should bring their usual documents required for such purpose.
- vi) Members are requested to notify any change in their addresses and their contact numbers immediately to our Share Registrar, Hameed Majeed Associates (Pvt.) Limited, Karachi.

## Chairman's Review



It is my pleasure to present to you the 52nd annual performance report of the Company for the period ended March 31, 2014. The year under review was a shortened period of nine months as the Company has now changed its financial year from July - June to April - March.

### THE ECONOMY

Pakistan's economy is heading towards sustainable improvement. The inflation rate though slightly higher than anticipated, remained within a single digit throughout the period under review. The fiscal deficit

also seems to be well under control. The government has taken fiscal consolidation measures in order to keep a check on declining revenues such as revision in power tariffs, rationalization of income tax rates and reduction in subsidies. It is primarily due to these measures that the government has managed to contain the deficit at 3.1% as at March 31, 2014.

The government's commitment to strengthen foreign exchange reserves seems promising. The recent issuance of Euro bonds, inflows from multilateral sources such as IMF, CSF inflows and proceeds from auction of 3G and 4G licenses have improved the position of foreign exchange reserves considerably. This has also enabled the strengthening of PKR against USD by 6.1%.

The interest rates have remained steady throughout the year. On an external front, exports increased by 6% as compared to imports which increased by 1% only. The KSE index crossed the level of 29,000 points, which is a positive sign for foreign and local investors.

These factors coupled with relatively better management of power resources and relatively reduced government borrowings have started restoring confidence of the private sector.

### AGRICULTURE

The agriculture sector was largely affected by heavy rains, which caused relatively lower cultivation of cotton. Further, due to prolonged spell of cold weather, the cultivation of wheat was delayed. However this was mitigated to a certain extent through surplus in production of sugarcane and rice. However, the overall agriculture GDP seems to be well placed as a consequence of productivity gains from wheat, rice and sugarcane production and increase in agriculture credit disbursements to farmers.

### TWO WHEELER INDUSTRY

Our growth is closely associated with growth in the two wheeler industry. However, demand for parts from the two wheeler industry did not materialize as anticipated. It dipped, especially in the rural areas due to reduction in buying power of the consumers. However, it is likely to be accelerated in the future with the growing population, increase in fuel prices and deteriorating public transport infrastructure.

### THE COMPANY

The Company continued its focus on its core business activity of casting and machining of motorcycle parts and radiators. The Company went through a capacity expansion phase; increasing its capacity of petrol pistons manufacturing from 1.2 million units



to 1.6 million units per annum. The Company continued to serve its customers reliably and efficiently and enhanced the confidence of an OEM customer by expanding the range of radiators supply. As per the strategic decision of the Company, exit from clutch assembly for two wheelers was successfully executed to enable the Company to concentrate on its core products. The improved performance was achieved despite the rise in electricity tariffs and labour costs; which were partially mitigated through operational efficiencies in production process, efficient buying of materials, effective fund management and control over expenses in all spheres of its activities.

### **Rental Income**

During the period under review, the Company focused to maximize its rental income by letting its idle space to the group companies. This has not only contributed a healthy amount of profit amounting to Rs. 52.5 million but has also improved cash flows of the Company.

### **FINANCIAL HIGHLIGHTS**

During the period under review, the Company registered a turnover of Rs. 1.4 billion for the nine months ended March 31, 2014 against Rs. 2.4 billion for the twelve months ended June 30, 2013; the major reason of decline being the strategic exit from clutch assembly business. Despite increase in utility and labour costs, gross profit for the nine months under review was recorded at Rs. 194.1 million being 13.68% of sales.

The operating and financial expenses for the nine months under review were Rs. 125.8 million. Better cash flows from operations, as a result of improved cash sales in the replacement business, enhanced rental income and efficient management of average rate of utilization of spread rates has resulted in considerable reduction of financial charges in the period under review.

The Company registered profit before tax and profit after tax of Rs. 124.7 million and Rs. 90.9 million for the nine months ended March 31, 2014 against Rs. 128.3 million and Rs. 84.3 million respectively for the twelve months ended June 30, 2013. Earnings per share after tax, for the period of nine months under review were Rs. 3.68 against Rs. 3.42 in the year ended June 30, 2013. Net cash from operating activities during the period ended March 31, 2014 was Rs. 166.2 million compared to Rs. 194.7 million for the year ended June 30, 2013.

### **CONTRIBUTION TO EXCHEQUER**

During the period under review, the Company contributed an amount of Rs. 308.1 million in respect of sales tax, income tax, custom duty and various other government levies. Moreover, the Atlas Group, of which the company is a constituent member, contributed Rs. 29 billion in all towards the national exchequer. This makes Atlas Group one of the largest tax payers in the country, contributing 1% of government's total revenue.

### **DIVIDEND POLICY**

Keeping in mind the Company's improved performance, cash generating capacity and expected future businesses needs, the Board of Directors is pleased to propose a cash dividend of Rs. 1.5 per share equivalent to 15%.

### **HUMAN RESOURCES**

Human Resource Department as a strategic business partner played its role of an enabler towards implementation of organizational strategy conceived for 2013-2014 to achieve company's vision, mission and goals.

During 2013-2014, re-structuring of the organization took place due to change of business needs to improve the quality of HR. Skilled and qualified staff and associates were inducted in the team. Throughout the year, focus was maintained on training and development of staff and associates. Building up technical skills was the prime area of focus of management.

Extensive practical steps were taken to align and adopt Atlas Culture through soft initiatives, trainings and induction of quality human resource.

HSE / 5S were focused upon to improve the environment and safety of employees at workplace. Management has encouraged the use of Personal Protective Equipment (PPE) at workplace to avoid undesired accidents / injuries.

In 2013-2014, AEL organized its first Family Day at Pakistan Maritime Museum on September 7, 2013. It was a great event which helped to motivate and instill a sense of ownership in associates and their families.

### OUTLOOK & CHALLENGES

With the economic reforms in full swing and the law and order situation also improving, it is likely that Pakistan's economy will flourish in the years to come on the back of private sector and foreign direct investments.

While capitalizing on its core competencies of cast iron and aluminum parts as well as manufacturing of radiators, the Company plans to gain more business from the OEM sector through serving its valuable customers with high level of commitment and technological advancement.

As far as radiator segment is concerned, the Company will further endeavor to penetrate into the replacement market taking full advantage of quality and reliability of its products.

With severe cost pressures in the form of inflation and energy crisis, the Company will continue to strive for greater internal process efficiencies to enhance its profitability and growth.

ع اک برہمن نے کہا ہے کہ یہ سال اچھا ہے  
[ It is acclaimed to be a great year ]

### ACKNOWLEDGEMENT

I would like to thank the customers, dealers, financial institutions and shareholders for their continued support and cooperation in maintaining high standards of excellence. I also thank our Board of Directors, Chief Executive Officer and his team for their hard work and dedication to make Atlas Engineering a great company and excel in service to our valued customers.



Karachi: June 13, 2014

Yusuf H. Shirazi

## Key Performance and Financial Data

(Rupees in 000's)

PARTICULARS	Nine Months Period Ended March 31, 2014	----- Year Ended June 30 -----					
		2013	2012	2011	2010	2009	2008
Sales	1,419,228	2,358,428	2,235,491	2,117,003	1,529,328	1,135,161	1,228,450
Gross profit	194,108	271,350	223,055	232,088	187,779	64,184	141,764
Profit / (Loss) Before Taxation	124,691	128,309	46,179	82,722	58,062	(59,274)	29,654
Profit / (Loss) After Taxation	90,899	84,325	37,450	71,549	36,144	(47,467)	19,377
Share Capital	246,734	246,734	246,734	246,734	246,734	246,734	123,367
Reserves	242,756	190,087	124,267	86,817	15,268	(20,876)	35,844
Shareholders' Equity							
- Including Surplus on Revaluation	845,850	793,181	727,361	689,911	677,782	641,638	574,991
- Excluding Surplus on Revaluation	489,490	436,821	371,001	333,551	262,002	225,858	159,211
Fixed Assets Net	924,686	895,819	879,587	807,340	844,060	810,161	876,807
Total Assets	1,479,584	1,414,994	1,437,046	1,342,618	1,237,256	1,150,688	1,209,008
Current Assets	538,029	499,863	536,849	512,661	382,404	330,215	325,178
Current Liabilities	426,106	468,055	566,254	455,207	395,227	364,390	416,424
Net Working Capital	111,923	31,808	(29,405)	57,454	(12,823)	(34,175)	(91,246)
<b>Ratios:</b>							
Profitability (%)							
Gross Profit	13.68	11.51	9.98	10.96	12.28	5.65	11.54
Profit Before Tax	8.79	5.44	2.07	3.91	3.80	(5.22)	2.41
Profit After Tax	6.40	3.58	1.68	3.38	2.36	(4.18)	1.58
<b>Return to Shareholders</b>							
Dividend %	15.00	15.00	7.50	-	-	-	7.50
Cash Dividend Per Share	1.50	1.50	0.75	-	-	-	0.75
Dividend Yield Ratio	0.03	0.03	0.01	-	-	-	0.02
Dividend Pay Out Ratio	0.41	0.44	0.49	-	-	-	0.47
ROE - After Tax % (annualised)	24.76	19.30	10.09	21.45	13.80	(21.02)	12.17
Earnings/(loss) per share							
- basic & diluted - Rs. *	3.68	3.42	1.52	2.90	1.46	(3.33)	1.61
Market Price - as at period / year end #	58.00	58.00	58.00	39.50	16.00	9.66	31.60
<b>Activity (Times)</b>							
Sales to Total Assets	0.96	1.67	1.56	1.58	1.24	0.99	1.02
Sales to Fixed Assets	1.53	2.63	2.54	2.62	1.81	1.40	1.40
Debtor Turnover (Days)	16	16	30	27	25	40	13
<b>Liquidity / Leverage</b>							
Current Ratio (Times)	1.26	1.07	0.95	1.13	0.97	0.91	0.78
Quick Ratio (Times)	0.61	0.41	0.47	0.51	0.40	0.43	0.20
Break up Value per Share (Rs.)							
- Excluding Surplus on Revaluation	19.84	17.70	15.04	13.52	10.62	9.15	12.91
Long Term debts to Equity (Incl. Surplus on Revaluation) (Times)	0.17	0.12	0.17	0.22	0.16	0.17	0.28
Total Liabilities to Total Assets	0.43	0.44	0.49	0.49	0.45	0.44	0.52

\* EPS for the period ended March 31, 2014 relates to nine months whereas EPS in comparatives relate to 12 months.

# As at June 30, 2012, June 30, 2013 and March 31, 2014, market price means buy back price of share.

## Statement of Value Addition Period Ended March 31, 2014

----- (Rupees in ₹000) -----  
 Period Ended March 31, 2014      Year Ended June 30, 2013  
 Amount      % age      Amount      % age

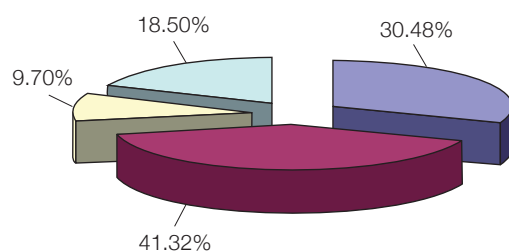
### Wealth Generated:

Total Revenue	1,668,588		2,735,776	
Material & Services (excluding duties)	(923,035)		(1,751,786)	
	<u>745,553</u>	<u>100.00%</u>	<u>983,990</u>	<u>100.00%</u>

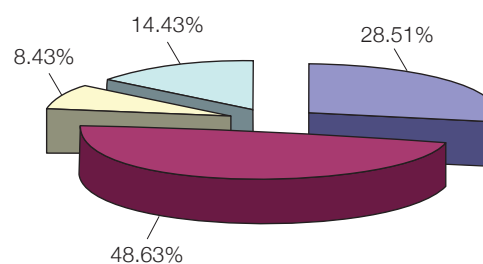
### Wealth distributed:

To Employees Salaries & other related costs	227,236	30.48%	280,490	28.51%
To Government Sales tax, income tax, import duty & other levies	308,092	41.32%	478,524	48.63%
To Providers of Capital - Dividend to shareholders - Markup / Interest	37,010 35,345	4.96% 4.74%	18,505 64,444	1.88% 6.55%
	72,355	9.70%	82,949	8.43%
Retained in the Business - Depreciation - Retained Profit	46,971 90,899	6.30% 12.20%	57,702 84,325	5.86% 8.57%
	137,870	18.50%	142,027	14.43%
	<u>745,553</u>	<u>100.00%</u>	<u>983,990</u>	<u>100.00%</u>

Wealth Distribution 2014



Wealth Distribution 2013



■ Employees ■ Government ■ Providers of Capital ■ Retained in Business

## Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Audited Accounts and Auditors' Report thereon for the period ended March 31, 2014.

### Financial Results

The financial results of your Company for the period ended March 31, 2014 under review are summarized as follows:

	<b>Nine months period ended March 31, 2014 (Rupees in thousands)</b>	Year ended June 30, 2013
Profit before taxation	124,691	128,309
Taxation	(33,792)	(43,984)
Profit after taxation	<u>90,899</u>	<u>84,325</u>

### Earnings per Share

Basic earnings per share after tax is Rs. 3.68 per share (2013: Rs. 3.42).

### Dividend

The Board of Directors has recommended final cash dividend of Rs. 1.50/- per share, i.e., 15% (2013: Rs. 1.50/- per share). Accordingly, following appropriation has been made.

	<b>2014 (Rupees in thousands)</b>	2013
Profit available for appropriation	242,756	190,087
Appropriation Proposed Dividend	(37,010)	(37,010)
Un-appropriated profit carried forward	<u>205,746</u>	<u>153,077</u>

### Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the period ended March 31, 2014 and future prospects. The directors endorse the contents of the review.

### Board of Directors

The Board comprises of one Executive and six Non-Executive directors. All the Non-Executive directors are independent from management.

The Board approved the remuneration of the CEO amounting to Rs. 9.353 million, bonus and other benefits like free transportation, telephone facility, medical expenses etc. as per Company's policy for the year 2014-2015.

### Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2014-2015.

### Donation

The Company has a policy to donate 1% of its profit before tax of preceding year to a charitable institution.

### Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

For and on behalf of the  
Board of Directors



Sadaqat Ali  
Chief Executive Officer

Karachi: June 13, 2014

# Statement of Ethics and Business Principles

## Standard of Conduct

Atlas Engineering Limited conducts its operations with honesty, integrity and openness, and with respect for human rights and interests of the employees. It respects the legitimate interests of all those with whom it has relationships.

## Obeying the Law

Atlas Engineering Limited is committed to comply with the laws and regulations of Pakistan.

## Employees

Atlas Engineering Limited is committed to create working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of the Company.

It recruits, employs and promotes employees on the sole basis of the qualifications and abilities needed for the work to be performed.

It is committed to provide safe and healthy working conditions to all employees and not use any form of forced, compulsory or child labour.

It is committed to working with employees to develop and enhance each individual's skills and capabilities.

It respects the dignity of the individual and the right of employees to freedom of association.

It maintains good communication with employees through company based information and consultation procedures.

## Consumers

Atlas Engineering Limited is committed for providing branded products and services, which consistently offer value in terms of price and quality. Products and services will be accurately and properly labelled, advertised and communicated.

## Shareholders

Atlas Engineering Limited conducts its operations in accordance with principles of good corporate governance. It provides timely, regular and reliable information about its activities, structure, financial situation and performance to all the shareholders.

## Business Partners

Atlas Engineering Limited is committed for establishing mutually beneficial relations with its suppliers, customers and business partners.

In its business dealings it expects its partners to adhere to business principles consistent with its own.

## Community Involvement

Atlas Engineering Limited strives to be a trusted corporate citizen and, as an integral part of society, to fulfill its responsibilities to the societies and communities in which it operates.

## Public Activities

Atlas Engineering Limited is encouraged to promote and defend its legitimate business interests.

It will co-operate with government and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations, which may affect legitimate business interests.

It neither supports political parties nor contributes to the funds of groups whose activities are to promote party interests.

## **The Environment**

Atlas Engineering Limited is committed for making continuous improvements in the management of environmental impact and to the longer-term goal for developing a sustainable business. It works in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

## **Innovation**

Atlas Engineering Limited makes innovations to meet consumer needs. It respects the concerns of consumers and of society. It works on the basis of sound research, applying high quality standards.

## **Competition**

Atlas Engineering Limited believes in fair competition and supports development of appropriate competition laws. Atlas Engineering Limited and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

## **Business Integrity**

Atlas Engineering Limited does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to Management. Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

## **Conflicts of Interests**

All Atlas Engineering Limited employees are expected to avoid personal activities and financial interests, which could conflict with their responsibilities to the Company. They must not seek gain for themselves or others through misuse of their positions.

## **Compliance Monitoring Reporting**

Compliance with business principles is an essential element in Atlas business success. The Board of Directors of Atlas Engineering Limited is responsible for ensuring that principles are communicated to, and understood and observed by, all employees. Day-to-day responsibility is delegated to the senior management. They are responsible for implementing these principles, if necessary, through more detailed guidance tailored to local needs.



# Health, Safety and Environment

## Objective

Atlas Engineering Limited is committed to create safe working environment by establishing and maintaining procedures and high standards of occupational health, safety & environment through promotion of safe work practices and prevention of all injuries and incidents. Our objective is embracing the safety of all employees, contractors, visitors, and related people / entities in the course of our day to day operations.

## Policy

We believe that occupational health, safety & environment takes its roots through individual commitments and behaviors. HSE is an integral part of all our activities at Atlas Engineering; a common goal which is achieved through individual efforts of all employees who are required to actively participate in making the operations safe, healthy and environment friendly.

## We are committed to:

- Comply with all applicable national legislations on occupational health, safety and environmental issues.
- Work in close liaison with industry members and legislative bodies to promote highest standards of occupational health, safety & environment.
- Establish and maintain a HSE management system in our Company to identify all health risks including those involved in innovation or process change.
- Investigation of all potential incidences that have or could have resulted in a work injury or property loss. For this we will adopt the methodology that best supports the nature of risks associated with our operations.
- Acknowledge the role of human behavior in effective HSE management and aim to develop resource specific programs focusing on behavioral elements.
- Ensure that all our employees at each level and functions are well aware of this policy and its importance and are motivated to apply it in their areas of responsibilities. Necessary support and training will be given in this respect to achieve HSE objectives.
- Guide our contractor and suppliers to develop awareness to improve overall work environment and HSE performance.
- Ensure that all efforts are directed to achieve HSE excellence through continuous improvement.

## Auditors' Report to the Members

We have audited the annexed balance sheet of Atlas Engineering Limited (the Company) as at 31 March 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change as stated in note 2.3 to the accompanying financial statements with which we concur;
  - ii) the expenditure incurred during the period was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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 31 March 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the period 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.



Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Karachi: June 13, 2014

## BALANCE SHEET AS AT MARCH 31, 2014

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	922,281	891,489
Intangible assets	5	2,405	4,330
		924,686	895,819
Long-term loans and advances	6	593	861
Long-term deposits and prepayments	7	16,276	18,451
		941,555	915,131
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	42,890	49,786
Stock-in-trade	9	235,228	256,847
Trade debts	10	105,528	101,284
Loans and advances	11	2,261	9,210
Trade deposits, short-term prepayments and other receivables	12	22,493	12,665
Taxation - net	13	106,560	67,433
Cash and bank balances	14	23,069	2,638
		538,029	499,863
<b>TOTAL ASSETS</b>		<b>1,479,584</b>	<b>1,414,994</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	15	246,734	246,734
Accumulated profit		242,756	190,087
		489,490	436,821
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	16	356,360	356,360
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	17	103,937	65,239
Retirement and other service benefits	18	17,185	19,365
Deferred taxation	19	86,506	69,154
		207,628	153,758
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	115,262	88,897
Accrued mark-up	21	9,869	7,304
Short-term borrowings	22	208,851	221,544
Current maturity of long-term financing	17	55,975	41,111
Provisions and other liabilities	23	35,388	32,644
Running finance utilized under mark-up arrangements	24	761	76,555
		426,106	468,055
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,479,584</b>	<b>1,414,994</b>

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman

## PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Note	Nine months period ended March 31, 2014 (Rupees in thousands)	Year ended June 30, 2013
Sales	26	1,419,228	2,358,428
Cost of goods sold	27	(1,225,120)	(2,087,078)
<b>Gross profit</b>		194,108	271,350
Selling and distribution expenses	28	(25,332)	(31,493)
Administrative expenses	29	(55,425)	(72,575)
Other operating expenses	30	(9,723)	(13,517)
		(90,480)	(117,585)
<b>Operating profit</b>		103,628	153,765
Finance costs	31	(35,345)	(64,444)
Other income	32	56,408	38,988
<b>Profit before taxation for the period / year</b>		124,691	128,309
Taxation	33	(33,792)	(43,984)
<b>Profit after taxation for the period / year</b>		90,899	84,325
		<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Earnings per share - Basic and diluted</b>	34	3.68	3.42

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman

## STATEMENT OF COMPREHENSIVE INCOME

### FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Nine months period ended March 31, 2014 (Rupees in thousands)	Year ended June 30, 2013
Profit after taxation for the period / year	90,899	84,325
Other comprehensive loss		
Actuarial losses recognized directly in equity	(1,220)	-
Total comprehensive income for the period / year	89,679	84,325

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman

## CASH FLOW STATEMENT

### FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Note	Nine months period ended March 31, 2014 (Rupees in thousands)	Year ended June 30, 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	257,644	299,486
Finance costs paid		(32,780)	(71,014)
Gratuity paid		(3,139)	(3,007)
Tax paid		(55,567)	(30,762)
Net cash generated from operating activities		166,158	194,703
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(110,303)	(94,066)
Additions to intangible assets		-	(3,441)
Long-term loans and advances		268	(134)
Long-term deposits and prepayments		2,175	1,432
Proceeds from disposal of operating fixed assets		33,918	18,099
Net cash used in investing activities		(73,942)	(78,110)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing - net		53,562	(33,840)
Lease rentals paid		-	(12,097)
Dividend paid		(36,860)	(18,380)
Short term loans		(20,000)	70,000
Murabaha finance		28,245	22,879
Trust receipts		(20,938)	(17,564)
Net cash generated from financing activities		4,009	10,998
<b>Net increase in cash and cash equivalents</b>		96,225	127,591
Cash and cash equivalents as at the beginning of the period / year		(73,917)	(201,508)
Cash and cash equivalents as at the end of the period / year		22,308	(73,917)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	23,069	2,638
Running finance utilized under mark-up arrangements	24	(761)	(76,555)
		22,308	(73,917)

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman

## STATEMENT OF CHANGES IN EQUITY

### FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Issued, subscribed and paid up capital	Accumulated profit	Total
	(Rupees in thousands)		
<b>Balance as at June 30, 2012</b>	246,734	124,267	371,001
Cash dividend for the year ended June 30, 2012 @ Re. 0.75/- per share	-	(18,505)	(18,505)
Profit for the year	-	84,325	84,325
Other comprehensive income	-	-	-
Total comprehensive income	-	84,325	84,325
<b>Balance as at June 30, 2013</b>	246,734	190,087	436,821
Cash dividend for the year ended June 30, 2013 @ Rs. 1.50/- per share	-	(37,010)	(37,010)
Profit for the period	-	90,899	90,899
Other comprehensive loss	-	(1,220)	(1,220)
Total comprehensive income	-	89,679	89,679
<b>Balance as at March 31, 2014</b>	246,734	242,756	489,490

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

### 1. THE COMPANY AND ITS OPERATIONS

Atlas Engineering Limited (the Company) was incorporated in Pakistan as a private limited company in 1963 and was converted into a public limited company on July 15, 1966. Its shares were listed on the Karachi and Lahore stock exchanges.

The Board of Directors of the Company in its meeting held on October 27, 2011 decided to voluntarily delist the Company from the Stock Exchanges as per Listing Regulations of the Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE). The purchase price of Rs. 58/- per share was approved by the KSE and LSE, which was also agreed by the shareholders in the Extra-Ordinary General Meeting, held on December 09, 2011. As a result of which the Company was delisted from the stock exchanges with effect from March 21, 2012.

The Company is engaged in manufacturing of components and parts for automotive vehicles and tractors. The registered office of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan. As at March 31, 2014, Shirazi Investments (Private) Limited (Holding Company) held 99.01% ordinary shares of the Company (note 15.1).

During the period ended March 31, 2014 the Company has changed its financial year end from June 30 to March 31, as approved by the Board of Directors and shareholders in their meetings held on September 11, 2013 and October 12, 2013 respectively. All legal formalities in this respect have been complied with. This change has been made to align the Company's year end with its major customer, Atlas Honda Limited, whose financial year is April to March.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan 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.

The Company has voluntarily adopted the requirements of 'Economically Significant Entity' as defined in the 5th Schedule to the Companies Ordinance, 1984 for the presentation and preparation of its financial statements, although the Company meets the qualifying criteria of 'Medium Sized Entity' that requires the preparation of financial statements based on Accounting and Financial Reporting Standards for Medium Sized Entity.

#### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for leasehold land which has been stated at revalued amount.

#### 2.3 New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following amendments to IFRSs which became effective for the current year:

- IAS 19 - Employee Benefits - (Revised)
- IFRS 7 - Financial Instruments: Disclosures - (Amendments)  
Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision and amendments of the standards did not have any material effect on the financial statements.

#### 2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or interpretation	Effective date (annual periods beginning on or after)
IAS 32 - Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014
IAS 36 - Recoverable Amount for Non-Financial Assets - (Revised)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21 - Levies	01 January 2014
IFAS 3 - Profit and Loss Sharing on Deposits	12 June 2013



The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Property, plant and equipment**

##### **3.1.1 Owned**

These are stated at cost less accumulated depreciation and any impairment in value except leasehold land which is stated at revalued amount.

Depreciation is charged to profit and loss account applying the written down value method at the rates specified in Note 4.1. Depreciation is charged from the month of the year in which addition / capitalization occurs while no depreciation is charged in the month in which an asset is disposed off. Assets' residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are taken to the profit and loss account.

##### **3.1.2 Assets subject to finance lease**

Leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are capitalized at the inception of the lease, at the fair value of the leased property or, if lower at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under finance lease are depreciated using the same basis as for owned assets.

##### **3.1.3 Capital work-in-progress**

These are stated at cost less accumulated impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

##### **3.1.4 Intangible assets**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably.

Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible asset.

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

### 3.2 Impairment

The carrying values of the Company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated and impairment loss is recognized in the profit and loss account.

### 3.3 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realizable value. Cost is determined on weighted average basis except for goods in transit which are valued at invoice price plus other related charges paid thereon upto the balance sheet date. Provision is made for slow moving and obsolete items, if any, to write them down to their estimated net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

### 3.4 Stock-in-trade

All stocks, except in transit, are valued at the lower of cost and net realizable value. Cost is determined on weighted average basis and includes costs incurred in bringing raw material to its present location and condition.

Stock in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Work-in-process and finished goods consist of direct materials and labour and a proportion of manufacturing overheads.

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

### 3.5 Trade debts

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

### 3.6 Taxation

#### 3.6.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance 2001, and whichever is higher is provided in the financial statements.

#### 3.6.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part for the deferred tax asset to be recognized.

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

### 3.7 Staff retirement benefits

#### 3.7.1 Defined benefit plan

The Company operates an unfunded gratuity scheme for workers and funded gratuity scheme for management staff as described in note 18 to the financial statements. Annual charge is based on actuarial recommendations. Actuarial valuation of the scheme is carried out annually, using Projected Unit Credit Method. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income. All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

During the year, the Company has changed its accounting policy in respect of recognition of actuarial gains and losses. With effect from current year, the Company has recognised actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for the plan at the end of previous reporting period exceeded 10% of the higher of

present value of the defined benefit obligation and the fair value of plan assets at that date, and such gains or losses were recognised over the expected average remaining working lives of the employees participating in the plan;

The aforesaid change in accounting policy due to the adoption of amendments in IAS - 19 will result in decrease in staff cost in respect of unrecognized actuarial gains of prior years amounting to Rs. 0.482 million, which the management believes is immaterial. As a result, such prior year effect has not been accounted for retrospectively and the aforesaid impact has been taken in the financial statements for the current year.

### 3.7.2 Defined contribution plan

The Company operates a recognized provident fund for its permanent employees. Equal monthly contributions are made to the fund at the rate of 9% for workers and 11% for management staff by the employees and the Company in accordance with the rules of the scheme.

The Provident Fund Rules were amended through Supplementary Trust Deed dated August 30, 2008 which was approved by the Commissioner (Legal Division) Large Taxpayer Unit, Karachi vide letter no.CIT/Legal Div/LTU/2008 dated October 08, 2008.

As per amended Rule, the employees were given option to transfer the complete amount or any portion thereof standing to credit of his accumulated balance in the Fund, to any of the Voluntary Pension Schemes managed by Atlas Asset Management Company Limited, an associated company under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund by a request to the Trustees of fund, in writing. Equal monthly contributions at the rate of 11% of basic salary are made to the Funds under Voluntary Pension Scheme both by the Company and employees. If the member voluntarily opts to become a participant of Atlas Pension Fund or Atlas Islamic Fund managed by Atlas Asset Management Company Limited, an associated company, the Company shall not be required to make an equal monthly contribution to the Fund. In such case the Company's equal contribution shall be made to the Atlas Pension Fund or Atlas Pension Islamic Fund, as applicable, with effect from the month in which he/she exercises such option, in full and final discharge of Company's liability towards members' retirement benefits.

### 3.8 Compensated absences

The Company provides a facility to its non-management employees for accumulating their annual earned leave under an unfunded scheme.

Provisions are made to cover the obligation under the scheme on accrual basis and are charged to profit and loss account. Accrual for compensated absences is calculated on the basis of one month's gross salary. The amount of liability recognized in the balance sheet is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

### 3.9 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

### 3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 3.11 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates ruling at the balance sheet date. Exchange differences on foreign currency translations are included in the profit and loss account.

### 3.12 Revenue recognition

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which generally coincide with the dispatch of goods to customers.
- Return on bank deposits is accrued on a time proportion basis by reference to the principal outstanding on the applicable rate of return.
- Other income including rental income is recognized on accrual basis.

**3.13 Borrowing costs**

Borrowings costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of that asset. All other borrowing costs are charged to the profit and loss account.

**3.14 Ijarah rentals**

Ijarah payments under an Ijarah arrangement are recognized as an expense in the profit and loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of the time pattern of the user's benefit.

**3.15 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques / payorders in hand and bank balances net of short term running finance.

**3.16 Financial instruments**

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**3.17 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

**3.18 Related party transactions**

Related party transactions are carried out on commercial terms, as approved by the Board, substantiated as given in notes 35 and 38 to the financial statements.

**3.19 Significant accounting estimates, judgments and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the Company's accounting policies, management has made the following estimates, judgements and assumptions which are significant to the financial statements:

	<b>Note</b>
Determining the residual values and useful lives of property, plant and equipment	3.1
Revaluation of leasehold land	3.1 & 16
Impairment / adjustment of inventories to their net realizable value	3.2, 3.3 & 3.4
Recognition of taxation and deferred tax	3.6
Accounting for post employment benefits	3.7

**3.20 Dividend and other appropriations of reserves**

These are recognized in the period in which such dividend and appropriation are approved by the Board of Directors.

**3.21 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

	<b>Note</b>	<b>March 31, 2014</b>	<b>June 30, 2013</b>
		<b>(Rupees in thousands)</b>	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	862,887	851,527
Capital work-in-progress	4.6	59,394	39,962
		<u>922,281</u>	<u>891,489</u>

## 4.1 Operating fixed assets

Description	Note	COST / REVALUATION			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %
		As at July 01, 2013	Additions/*transfer/revaluation (Note 4.4 & 16)	Disposals	As at March 31, 2014	As at July 01, 2013	Charge for the period	Disposals	As at March 31, 2014	As at March 31, 2014	
----- (Rupees in thousands) -----											
<b>Owned assets</b>											
Leasehold land	4.2	358,545	-	-	358,545	-	-	-	-	358,545	-
Buildings on leasehold land											
- Factory		74,327	*6,087	-	80,414	48,427	2,133	-	50,560	29,854	10
- Generator premises		4,924	-	-	4,924	3,812	83	-	3,895	1,029	10
- Residential		153	-	-	153	136	1	-	137	16	5
- Office		4,215	-	-	4,215	2,084	80	-	2,164	2,051	5
Plant and machinery		630,214	*61,542	(45,416)	646,340	274,195	27,994	(22,713)	279,476	366,864	10
Power generators		144,379	2,432	-	146,811	95,042	6,931	-	101,973	44,838	10&35
Electrical fittings		18,248	1,696	(302)	19,642	9,157	716	(106)	9,767	9,875	10
Office equipment		3,270	1,932	-	5,202	2,249	288	-	2,537	2,665	15
Computers and other IT related equipment		20,520	1,118	(1,013)	20,625	11,829	2,113	(942)	13,000	7,625	30
Furniture and fittings		4,919	187	(252)	4,854	3,158	139	(159)	3,138	1,716	10
Vehicles		38,031	6,064	(12,930)	31,165	14,377	3,572	(4,085)	13,864	17,301	20
Sui gas, water and drainage lines		2,098	250	-	2,348	1,550	52	-	1,602	746	10
Measuring instruments, dies, jigs, patterns and other equipments		57,786	9,563	(1,139)	66,210	44,086	2,869	(507)	46,448	19,762	20
<b>March 31, 2014</b>		<b>1,361,629</b>	<b>90,871</b>	<b>(61,052)</b>	<b>1,391,448</b>	<b>510,102</b>	<b>46,971</b>	<b>(28,512)</b>	<b>528,561</b>	<b>862,887</b>	

\* Represents transferred to owned assets from capital work-in-progress.

Description	Note	COST / REVALUATION				ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation rate %	
		As at July 01, 2012	Additions/*transfer/revaluation (Note 4.4 & 16)	Transfer from leased assets	Disposals / **written off	As at June 30, 2013	As at July 01, 2012	Charge for the year	Transfer from leased assets	Disposals / **written off	As at June 30, 2013		As at June 30, 2013
----- (Rupees in thousands) -----													
<b>Owned assets</b>													
Leasehold land	4.2	358,545	-	-	-	358,545	-	-	-	-	358,545	-	
Buildings on leasehold land													
- Factory		72,384	*3,961	-	** (2,018)	74,327	47,784	2,585	-	** (1,942)	48,427	25,900	10
- Generator premises		4,955	-	-	** (31)	4,924	3,714	124	-	** (26)	3,812	1,112	10
- Residential		365	-	-	** (212)	153	321	2	-	** (187)	136	17	5
- Office		4,215	-	-	-	4,215	1,972	112	-	-	2,084	2,131	5
Plant and machinery		547,128	*101,558	23,162	(41,234)	630,214	257,566	33,193	9,480	(25,692)	274,195	356,019	10
Power generators		137,824	7,662	-	** (1,107)	144,379	87,466	8,658	-	** (1,082)	95,042	49,337	10&35
Electrical fittings		19,222	593	-	** (1,567)	18,248	9,404	1,001	-	** (1,248)	9,157	9,091	10
Office equipment		2,688	806	-	** (224)	3,270	2,362	99	-	** (212)	2,249	1,021	15
Computers and other IT related equipments		17,915	*2,687	-	(82)	20,520	8,576	3,259	-	(6)	11,829	8,691	30
Furniture and fittings		4,215	1,315	-	** (611)	4,919	3,598	86	-	** (526)	3,158	1,761	10
Vehicles		18,022	13,686	8,570	(2,247)	38,031	6,827	3,730	4,493	(673)	14,377	23,654	20
Sui gas, water and drainage lines		2,281	-	-	** (183)	2,098	1,669	61	-	** (180)	1,550	548	10
Measuring instruments, dies, jigs, patterns and other equipments		53,669	5,977	1,464	** (3,324)	57,786	44,649	2,060	561	** (3,184)	44,086	13,700	20
		<b>1,243,428</b>	<b>138,245</b>	<b>33,196</b>	<b>(53,240)</b>	<b>1,361,629</b>	<b>475,908</b>	<b>54,970</b>	<b>14,534</b>	<b>(35,310)</b>	<b>510,102</b>	<b>851,527</b>	
<b>Leased assets</b>													
Plant and machinery		24,626	-	(24,626)	-	-	8,570	1,471	(10,041)	-	-	-	10
Vehicles		15,366	-	(8,570)	(6,796)	-	6,673	1,261	(4,493)	(3,441)	-	-	20
		39,992	-	(33,196)	(6,796)	-	15,243	2,732	(14,534)	(3,441)	-	-	
<b>June 30, 2013</b>		<b>1,283,420</b>	<b>138,245</b>	<b>-</b>	<b>(60,036)</b>	<b>1,361,629</b>	<b>491,151</b>	<b>57,702</b>	<b>-</b>	<b>(38,751)</b>	<b>510,102</b>	<b>851,527</b>	

\* Represents transferred to owned assets from capital work-in-progress.

- 4.2 Leasehold land is carried at revalued amount. Had the land been carried at cost, it would have been carried at Rs. 0.16 million (refer note 16 to the financial statements).

	Note	Nine months period ended March 31, 2014 (Rupees in thousands)	Year ended June 30, 2013
4.3 Allocation of depreciation charge:			
Cost of goods sold	27	43,432	51,380
Selling and distribution costs	28	316	288
Administrative expenses	29	3,223	6,034
		<u>46,971</u>	<u>57,702</u>
		<b>March 31, 2014</b>	<b>June 30, 2013</b>
		<b>(Rupees in thousands)</b>	

4.4 Reconciliation of net book value:			
Book value as at the beginning of the period / year		851,527	792,269
Additions during the period / year		90,871	138,245
Depreciation for the period / year		(46,971)	(57,702)
Disposals / written-off during the period / year at book value		(32,540)	(21,285)
Book value as at the end of the period / year		<u>862,887</u>	<u>851,527</u>

- 4.5 Details of property, plant and equipment disposed-off during the period are given in note 40 to the financial statements.

#### 4.6 Movement of capital work-in-progress

	Factory building	Plant and machinery	Computer and other IT related equipments	Factory equipment	Total
	----- (Rupees in thousands) -----				
<b>Balance as at June 30, 2012</b>	572	83,441	128	-	84,141
Capital expenditure incurred / advances paid during the year	3,842	57,626	2,559	-	64,027
Transferred to operating fixed assets	(3,961)	(101,558)	(2,687)	-	(108,206)
<b>Balance as at June 30, 2013</b>	453	39,509	-	-	39,962
Capital expenditure incurred / advances paid during the period	7,662	77,150	-	2,249	87,061
Transferred to operating fixed assets	(6,087)	(61,542)	-	-	(67,629)
<b>Balance as at March 31, 2014</b>	<u>2,028</u>	<u>55,117</u>	<u>-</u>	<u>2,249</u>	<u>59,394</u>

- 4.6.1 Capital expenditure incurred during the period includes finance costs of Rs. 1.826 million (2013: Rs. 1 million) capitalized as a part of cost of such assets.

- 4.6.2 Capital work-in-progress transferred to operating fixed assets includes power generator purchased from Shirazi Trading Company (Private) Limited - a related party amounting to Rs. 3.35 million (2013: Rs. 5.6 million).

## 5. INTANGIBLE ASSETS

	COST		ACCUMULATED AMORTIZATION			NET BOOK VALUE		Amorti- sation rate %
	As at July 01, 2013	Additions	As at March 31, 2014	As at July 01, 2013	Charge for the period / year	As at March 31, 2014	As at March 31, 2014	
Computer software	----- (Rupees in thousands) -----							
<b>March 31, 2014</b>	9,639	-	9,639	5,309	1,925	7,234	2,405	33
June 30, 2013	6,198	3,441	9,639	3,021	2,288	5,309	4,330	33

- 5.1 The entire amortization charge of Rs. 1.925 million (2013: Rs. 2.288 million) has been charged under administrative expenses (note 29).

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>6. LONG-TERM LOANS AND ADVANCES</b>			
<b>Secured, considered good</b>			
Loans to employees - interest bearing	6.1	615	346
Less: current maturity shown under current assets	11	449	304
		166	42
Advances to employees - non-interest bearing	6.2	902	1,343
Less: current maturity shown under current assets	11	475	524
		427	819
		593	861

- 6.1 These loans carry mark-up at the rate of 1% (2013: 1%) per month and are secured against employees' retirement benefits. The loans are recoverable in monthly installments over a period of maximum 24 months.
- 6.2 These represent non-interest bearing advances to employees for purchase of motorcycles and are payable by way of a 15% amount upfront and the balance in maximum 42 equal monthly installments. These are secured against employees' retirement benefits.

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>7. LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Security deposits			
Ijarah		14,333	16,507
Utilities		1,051	1,052
Suppliers		365	365
Others		527	527
		16,276	18,451
Prepayments		-	281
Less: current maturity shown under current assets	12	-	281
		-	-
		16,276	18,451
<b>8. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores and spare parts in hand		7,885	10,809
Loose tools		35,005	45,015
		42,890	55,824
Less: Provision for obsolescence	8.1 & 8.2	-	6,038
		42,890	49,786

- 8.1 Reconciliation of provision for obsolescence is as follows:

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
Balance as at the beginning of the period / year		6,038	4,742
Provision for the period / year	27	5,274	1,296
Write-offs during the period / year		(11,312)	-
Balance as at the end of the period / year		-	6,038

- 8.2 Comprises provision in respect of stores and spare parts - in hand amounting to Rs. Nil (2013: Rs. 5 million) and in respect of loose tools amounting to Rs. Nil (2013: Rs. 1.038 million).

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>9. STOCK-IN-TRADE</b>			
Raw and ancillary materials			
In hand		130,233	153,185
In transit		32,607	57,599
		<u>162,840</u>	<u>210,784</u>
Packing materials		1,103	1,246
Work-in-process	9.1	23,133	29,531
Finished goods		49,352	16,486
		<u>236,428</u>	<u>258,047</u>
Less: Provision for obsolescence	9.2	1,200	1,200
		<u>235,228</u>	<u>256,847</u>

9.1 Included herein are stocks held by third parties amounting to Rs. 1.576 million (2013: Rs. 3.434 million).

9.2 Comprises provision in respect of raw and ancillary materials - in hand amounting to Rs. 0.57 million (2013: Rs. 0.57 million) and in respect of work-in-process amounting to Rs. 0.63 million (2013: Rs. 0.63 million).

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>10. TRADE DEBTS - Unsecured, considered good</b>	10.1 & 10.2	105,528	101,284
<b>10.1</b> The ageing analysis of unimpaired trade debts is as follows:			
Neither past due nor impaired		84,056	66,827
Past due but not impaired			
- within 30 days		12,469	25,700
- 31 to 60 days		3,323	4,259
- 61 to 90 days		808	520
- over 90 days		4,872	3,978
		<u>105,528</u>	<u>101,284</u>
<b>10.2</b> Included herein trade debts receivable from following related parties:			
Atlas Honda Limited		-	9,916
Atlas Autos (Private) Limited		11,041	6,647
		<u>11,041</u>	<u>16,563</u>

	March 31, 2014		June 30, 2013	
	Atlas Honda Limited	Atlas Autos (Private) Limited	Atlas Honda Limited	Atlas Autos (Private) Limited
	----- (Rupees in thousands) -----			
Neither past due nor impaired	-	-	9,852	-
Past due but not impaired				
- within 30 days	-	10,715	64	6,425
- 31 to 60 days	-	326	-	78
- 61 to 90 days	-	-	-	-
- over 90 days	-	-	-	144
	<u>-</u>	<u>11,041</u>	<u>9,916</u>	<u>6,647</u>



	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>11. LOANS AND ADVANCES - Unsecured, considered good</b>			
Loans to employees - non-interest bearing		148	22
Current maturity of:			
loans to employees - interest bearing	6	449	304
advances to employees - non-interest bearing	6	475	524
		924	828
Advances:			
against salary		58	67
against expenses		282	579
to suppliers		849	7,714
		1,189	8,360
		2,261	9,210
<b>12. TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Trade Deposits</b>			
Security and trade deposits		894	1,910
<b>Short-term Prepayments</b>			
Short-term prepayments		4,647	406
Current maturity of long-term prepayments	7	-	281
		4,647	687
<b>Other Receivables</b>			
Receivable against disposal of operating fixed assets		5,970	7,500
Receivable against scrap sales		1,220	1,285
From Related Parties:			
- Atlas Autos (Private) Limited		6,935	-
- Atlas Battery Limited		-	10
- Atlas Hi-tech (Private) Limited		341	37
- Atlas Metals (Private) Limited		2,285	252
- Atlas Insurance Limited		46	307
- Employees Provident Fund	12.1	155	677
		9,762	1,283
		22,493	12,665
		<b>March 31, 2014 (Un-Audited)</b>	<b>June 30, 2013 (Audited)</b>
<b>12.1 Employees Provident Fund</b>			
<b>12.1.1 General disclosures</b>			
Size of the trust		127,112	117,190
Cost of investments made		107,650	103,920
Fair value of investments		115,255	108,912
Percentage of investment made		90.67%	92.94%
The major categories of investment of provident fund are as follows:			
Banks		1,743	21,371
Government securities		56,105	31,763
Others		57,407	55,778
		115,255	108,912
<b>12.1.2</b>			
Investments of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.			
<b>13. TAXATION - Net</b>			
The assessment of the Company for and upto the tax year 2013 have been completed or deemed to be assessed.			

	March 31, 2014	June 30, 2013
	(Rupees in thousands)	
<b>14. CASH AND BANK BALANCES</b>		
Cash in hand	432	554
Cash at bank in current accounts	22,637	2,084
	<u>23,069</u>	<u>2,638</u>

**15. SHARE CAPITAL**

March 31, 2014	June 30, 2013		March 31, 2014	June 30, 2013
----- (Number of Shares) -----				
40,000,000	40,000,000	<b>Authorized Share Capital</b>	400,000	400,000
		Ordinary shares of Rs.10/- each		
		<b>Issued, subscribed and paid-up capital</b>		
		Ordinary shares of Rs.10/- each		
21,610,283	21,610,283	- fully paid in cash	216,103	216,103
49,800	49,800	- issued for consideration other than cash	498	498
3,013,307	3,013,307	- issued as fully paid bonus shares	30,133	30,133
<u>24,673,390</u>	<u>24,673,390</u>		<u>246,734</u>	<u>246,734</u>

- 15.1** As at the balance sheet date, the shares in the Company held by related parties were 24,430,352 (2013: 24,302,619) shares which included 24,430,352 (2013: 19,503,729) ordinary shares of Rs.10/- each which is 99.01% (2013: 79.05%) of the total equity of the Company held by Shirazi Investments (Private) Limited, the holding company.

	March 31, 2014	June 30, 2013
	(Rupees in thousands)	
<b>16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	356,360	356,360

- 16.1** Leasehold land costing Rs. 0.160 million was revalued by Razzaque Umrani & Co., Engineers and Surveyors on June 20, 1998 resulting in surplus amounting to Rs.118.680 million which had been credited to surplus on revaluation account. The basis of revaluation was market value.
- 16.2** In the year 2007, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on June 22, 2007 resulting in surplus amounting to Rs. 297.100 million which had been credited to surplus on revaluation account. The basis of revaluation was market value.
- 16.3** In the year 2010, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on August 18, 2009. The result of the said valuation was not materially different from the valuation carried out on June 22, 2007.
- 16.4** In the year 2011, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant on June 30, 2011 resulting in a deficit of Rs. 59.420 million which was debited to surplus on revaluation account. The basis of revaluation was market value.

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>17. LONG-TERM FINANCING - Secured</b>			
From banking companies			
Loan - IV	17.1	42,857	57,142
Loan - V	17.2	17,143	21,429
Loan - VI	17.3	99,912	27,779
		159,912	106,350
Less: Current maturity - long-term financing		55,975	41,111
		103,937	65,239

**17.1** This represents a utilized portion of a loan facility of Rs. 100 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from June 15, 2012 and carries mark-up at the rate of 6 months KIBOR plus 1.25% per annum. The loan is secured by first pari-passu charge over fixed assets of the Company for Rs. 134 million.

**17.2** This represents a utilized portion of a loan facility of Rs. 30 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from December 06, 2012 and carries mark-up at the rate of 3 months KIBOR plus 1.50% per annum. The loan is secured by way of first pari-passu charge over fixed assets of the Company for Rs. 100 million.

**17.3** This represents a utilized portion of a loan facility of Rs. 99.912 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commencing from April 29, 2014 and carries mark-up at the rate of 6 months KIBOR plus 1.0% per annum. The loan is secured by way of first pari-passu charge over fixed assets of the Company for Rs. 146.67 million.

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>18. RETIREMENT AND OTHER SERVICE BENEFITS</b>			
Non-management staff gratuity	18.1	1,912	8,459
Accrual for compensated absences	18.2	15,273	10,906
		17,185	19,365

#### 18.1 General Description

The Company operates an unfunded gratuity scheme for non-management staff. On introduction of the provident fund in 1974 the employees were given the option to either continue with the gratuity scheme or join the provident fund. Those employees who opted to join the provident fund were entitled to gratuity upto the period of joining the provident fund and provision in this respect was duly made at that time. The Company entered into an agreement with the Collective Bargaining Agent (CBA), whereby the non-management staff who opted for the provident fund scheme are also entitled to gratuity for four days for each completed year of service.

The Company also established funded gratuity scheme for its management staff with effect from July 01, 2003 which was approved by the Commissioner of Income Tax in October 2002. The actuarial valuation of the gratuity schemes is carried out every year and the latest valuation was carried out as at March 31, 2014.

Management		Non - management		Total	
March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013
----- (Rupees in thousands) -----					

#### 18.1.1 Reconciliation of obligations as at period / year end

Present value of defined benefit obligation	27,336	24,771	1,912	1,699	29,248	26,470
Fair value of plan assets	(19,562)	(15,713)	-	-	(19,562)	(15,713)
	7,774	9,058	1,912	1,699	9,686	10,757
Unrecognized actuarial (loss) / gain	-	(6,278)	-	6,760	-	482
Payable in respect of Inter Group Transfers	1,824	213	-	-	1,824	213
Net liability as at the end of the period / year	9,598	2,993	1,912	8,459	11,510	11,452

	Management		Non - management		Total	
	March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013
----- (Rupees in thousands) -----						
<b>18.1.2 Movement in liability</b>						
Net liability as at the beginning of the period / year	2,993	2,885	8,459	9,354	11,452	12,239
Charge for the period / year in profit and loss account	1,792	2,993	185	(773)	1,977	2,220
Amortization of actuarial loss / (gain) charged to equity	6,278	-	(6,760)	-	(482)	-
Re-measurement chargeable in other comprehensive income	1,528	-	174	-	1,702	-
Contribution	(2,993)	(2,885)	-	-	(2,993)	(2,885)
Benefits paid	-	-	(146)	(122)	(146)	(122)
Net liability as at the end of the period/year	<u>9,598</u>	<u>2,993</u>	<u>1,912</u>	<u>8,459</u>	<u>11,510</u>	<u>11,452</u>
<b>18.1.3 Charge for the period / year</b>						
Current service cost	1,071	1,253	46	64	1,117	1,317
Interest cost	2,030	2,913	139	229	2,169	3,142
Expected return on assets	(1,309)	(1,703)	-	-	(1,309)	(1,703)
Amortization of actuarial loss	-	530	-	(1,066)	-	(536)
Charge / (reversal) for the period / year	<u>1,792</u>	<u>2,993</u>	<u>185</u>	<u>(773)</u>	<u>1,977</u>	<u>2,220</u>
<b>18.1.4 Movement in defined benefit obligation</b>						
Present value of defined benefit obligation as at the beginning of the period / year	24,771	21,807	1,699	1,719	26,470	23,526
Current service cost	1,071	1,253	46	64	1,117	1,317
Interest cost	2,030	2,913	139	229	2,169	3,142
Benefits paid during the period / year	(235)	(1,026)	(146)	(122)	(381)	(132)
Actuarial loss / (gain)	1,310	(10)	174	(191)	1,484	(1,217)
Liability recognized - transferees	(1,611)	(166)	-	-	(1,611)	(166)
Present value of defined benefit obligation as at the end of the period / year	<u>27,336</u>	<u>24,771</u>	<u>1,912</u>	<u>1,699</u>	<u>29,248</u>	<u>26,470</u>
<b>18.1.5 Movement in fair value of plan assets</b>						
Present value of plan assets as at the beginning of the period / year	15,713	12,019	-	-	15,713	12,019
Expected return on plan assets	1,309	1,702	-	-	1,309	1,702
Contributions made by the Company	2,993	2,885	-	-	2,993	2,885
Benefits paid during the period / year	(235)	(1,026)	-	-	(235)	(1,026)
Actuarial gain / (loss)	(218)	133	-	-	(218)	133
Present value of plan assets as at the end of the period / year	<u>19,562</u>	<u>15,713</u>	<u>-</u>	<u>-</u>	<u>19,562</u>	<u>15,713</u>
<b>18.1.6 Principal actuarial assumptions</b>						
	<b>Management</b>		<b>Non - management</b>			
	<b>March 31, 2014</b>	June 30, 2013	<b>March 31, 2014</b>	June 30, 2013		
Discount rate	<u>12.75%</u>	<u>11.00%</u>	<u>12.75%</u>	<u>11.00%</u>		
Expected per annum rate of return on plan assets	<u>12.75%</u>	<u>11.00%</u>	<u>-</u>	<u>-</u>		
Expected per annum rate of increase in future salaries	<u>11.75%</u>	<u>10.00%</u>	<u>11.75%</u>	<u>10.00%</u>		

Management		Non - management		Total	
March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013	March 31, 2014	June 30, 2013

----- (Rupees in thousands) -----

**18.1.7 Actual return on plan assets**

1,307	2,183	-	-	1,307	2,183
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**18.1.8 Plan assets comprise the following:**

	March 31, 2014		June 30, 2013	
	Rupees in thousands	%age	Rupees in thousands	%age
Debt	8,899	45.49	7,630	48.56
Mutual funds	10,613	54.25	8,081	51.43
Cash	50	0.26	2	0.01
	<u>19,562</u>	<u>100.00</u>	<u>15,713</u>	<u>100.00</u>

**18.1.9** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

**18.1.10** Expected contribution to Management Staff Gratuity Fund for the year ending March 31, 2015 is Rs. 2.793 million (2014: Rs. 2.388 million).

2014	2013	2012	2011
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----- (Rupees in thousands) -----

**18.1.11 Management Staff Gratuity Fund - Comparison for past years:**

Present value of defined benefit obligation	27,336	24,771	21,807	23,796
Fair value of plan assets	19,562	15,713	12,020	14,443
Deficit	<u>7,774</u>	<u>9,058</u>	<u>9,787</u>	<u>9,353</u>
Experience adjustments				
Loss / (gain) on plan liabilities	<u>1,310</u>	<u>(10)</u>	<u>357</u>	<u>1,358</u>
(Loss) / gain on plan assets	<u>(219)</u>	<u>133</u>	<u>(582)</u>	<u>84</u>

**18.1.12 Non-Management Staff Gratuity Fund - Comparison for past years:**

Present value of defined benefit obligation	1,912	1,699	1,719	10,235
Fair value of plan assets	-	-	-	-
Deficit	<u>1,912</u>	<u>1,699</u>	<u>1,719</u>	<u>10,235</u>
Experience adjustments				
Loss / (gain) on plan liabilities	<u>174</u>	<u>(191)</u>	<u>4,784</u>	<u>386</u>

**18.2** The movements in liability during the period were as follows:

	Opening Balance	Charge for the period	Payments	Closing Balance
--	--------------------	--------------------------	----------	--------------------

----- (Rupees in thousands) -----

Accrual for compensated absences	<u>10,906</u>	<u>4,566</u>	<u>(199)</u>	<u>15,273</u>
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	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>19. DEFERRED TAXATION</b>			
Deferred tax liabilities			
Difference in accounting and tax base of operating fixed assets, and intangibles		92,757	99,997
Deferred tax assets			
Provision for gratuity and compensated absences		(5,843)	(6,778)
Provision for obsolete stock-in-trade and stores, spare parts and loose tools		(408)	(2,533)
BMR rebate		-	(21,532)
		<u>86,506</u>	<u>69,154</u>
<b>20. TRADE AND OTHER PAYABLES</b>			
Trade creditors	20.1	62,052	34,757
Sales tax payable - net		9,273	6,495
Withholding tax payable		534	1,061
Royalty payable		3,008	9,051
Management staff gratuity	18.1.1	9,598	2,993
Accrued liabilities		20,175	27,404
Advances from customers		6,575	7,136
Advance rent	20.2	4,047	-
		<u>115,262</u>	<u>88,897</u>

**20.1** Included herein Rs. 2.654 million (2013: Rs. 9.718 million) payable to Atlas Insurance Company Limited and Rs. 0.509 million (2013: Rs. Nil) payable to Shirazi Trading Company (Private) Limited, being related parties.

**20.2** Included herein Rs. 1.268 million (2013: Rs. Nil) received from Atlas Autos (Private) Limited and Rs. 2.779 million (2013: Rs. Nil) received from Atlas Hitec (Private) Limited respectively, being related parties.

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>21. ACCRUED MARK-UP</b>			
Term loans		4,076	1,295
Short-term running finances		5,793	6,009
		<u>9,869</u>	<u>7,304</u>
<b>22. SHORT-TERM BORROWINGS - Secured</b>			
Short-term loans	22.1	120,000	140,000
Murabaha finance	22.2	85,438	57,193
Trust receipts	22.3	3,413	24,351
		<u>208,851</u>	<u>221,544</u>

**22.1** This represents the utilized portion of loan facilities of Rs. 200 million (2013: Rs. 140 million) obtained during the period from various banks and carries a mark-up at the rate ranging from 1 month KIBOR plus 0.4% to 6 months KIBOR plus 0.6% (2013: 1 month KIBOR plus 0.75% to 6 months KIBOR plus 0.75%). These are repayable latest by November 30, 2014. These are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company.

**22.2** The aggregate facilities for short term murabaha finance from banks as at March 31, 2014 amount to Rs. 200 million (2013: Rs. 200 million) of which Rs. 114.562 million (2013: Rs. 142.807 million) remained unutilized as at the period / year end. This carries profit at the rate of 3 months KIBOR plus 0.8% to 1% per annum (2013: 3 months KIBOR plus 0.8% to 1% per annum). This is secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. This is repayable by December 31, 2014.

**22.3** The aggregate facilities of trust receipts available from various banks as at March 31, 2014 amount to Rs. 70 million (2013: Rs. 70 million) of which Rs. 66.587 million (2013: Rs. 45.649 million) remained unutilized as at the period / year end. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances is 3 months KIBOR plus 0.8% to 3 months KIBOR plus 1.25% per annum (2013: 3 months KIBOR plus 1% to 3 months KIBOR plus 1.25% per annum).

	Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>23. PROVISIONS AND OTHER LIABILITIES</b>			
Provision for bonus - management staff	23.1	17,346	21,246
Provision for bonus - non-management staff	23.1	661	462
Deposits from employees	23.2	1,980	2,292
Workers' Profit Participation Fund	23.3	8,771	4,974
Workers' Welfare Fund		2,788	2,619
Unclaimed dividends		738	588
Others		3,104	463
		<u>35,388</u>	<u>32,644</u>

23.1 The movements in provisions during the period / year were as follows:

	Opening Balance	Charge for the period / year	Payments	Closing Balance
	----- (Rupees in thousands) -----			
Provision for bonus - management staff	21,246	17,346	(21,246)	17,346
Provision for bonus - non-management staff	462	1,313	(1,114)	661
<b>March 31, 2014</b>	<u>21,708</u>	<u>18,659</u>	<u>(22,360)</u>	<u>18,007</u>
June 30, 2013	<u>12,341</u>	<u>22,887</u>	<u>(13,520)</u>	<u>21,708</u>

23.2 These represent deposits from employees under the Company's vehicle scheme.

	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>23.3 Workers' Profits Participation Fund</b>		
Balance as at the beginning of the period / year	4,974	2,480
Provision for the period / year	3,797	4,974
	<u>8,771</u>	<u>7,454</u>
Less: Amount paid during the period / year	-	2,480
Balance as at the end of the period / year	<u>8,771</u>	<u>4,974</u>
<b>24. RUNNING FINANCE UTILIZED UNDER MARK-UP ARRANGEMENTS - Secured</b>	<u>761</u>	<u>76,555</u>

24.1 The aggregate facilities for short term running finance available from various banks as at March 31, 2014 amount to Rs. 642 million (2013: Rs. 702 million) of which Rs. 641.239 million (2013: Rs. 625.445 million) remained unutilized as at the period / year end. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 1 month KIBOR plus 1% to 3 months KIBOR plus 1.25% per annum (2013: 1 month KIBOR plus 1% to 3 months KIBOR plus 2% per annum). These facilities expire on various dates, latest by December 31, 2014.

	March 31, 2014 (Rupees in thousands)	June 30, 2013
<b>25. CONTINGENCIES AND COMMITMENTS</b>		
<b>25.1 Commitments</b>		
<b>25.1.1 Guarantees</b>		
Bank guarantees in favour of Sui Southern Gas Company Limited	<u>18,278</u>	<u>18,278</u>
Insurance company guarantee in favour of K-Electric Limited	<u>-</u>	<u>4,000</u>
<b>25.1.2 Commitments under letters of credit</b>		
- For capital expenditures	<u>2,477</u>	<u>2,510</u>
- Other than capital expenditures	<u>146,118</u>	<u>111,330</u>

**25.1.3 Commitments for rentals under Ijarah finance agreement:**

	<b>March 31, 2014</b>	June 30, 2013
	<b>(Rupees in thousands)</b>	
Within one year	20,288	25,021
After one year but not more than five years	31,790	33,436
	<u>52,078</u>	<u>58,457</u>

Represents Ijarah finance facility entered into with Meezan Bank Limited in respect of plant and machinery and motor vehicles. Ijarah payments are payable in semi-annual instalments latest by March 2018. Taxes, repairs, replacement and insurance costs are to be borne by the muj'ir (lessor). These are secured by on demand promissory notes of Rs. 170.908 million (2013: Rs. 145.908 million).

	<b>Note</b>	<b>Nine months period ended March 31, 2014</b>	Year ended June 30, 2013
		<b>(Rupees in thousands)</b>	
<b>26. SALES</b>			
Local sales		1,662,657	2,735,776
Less: Sales tax		249,360	377,348
		<u>1,413,297</u>	<u>2,358,428</u>
Export sales		5,931	-
		<u>1,419,228</u>	<u>2,358,428</u>
<b>27. COST OF GOODS SOLD</b>			
Raw and ancillary materials consumed		827,544	1,507,211
Salaries, wages and benefits	27.1	180,668	224,182
Spare parts and other maintenance		48,990	70,713
Packing materials consumed		9,748	12,866
Fuel, water and power		94,682	112,206
Rent, rates and taxes		329	464
Insurance		6,001	7,491
Training expenses		226	745
Travelling		1,887	1,330
Repairs and maintenance		14,360	21,968
Depreciation	4.3	43,432	51,380
Ijarah rentals		15,944	27,797
Royalties and technical fee		11,134	16,207
Printing and stationery		537	509
Postage, telephone and telegrams		200	202
Subscriptions		28	54
Provision for obsolete stock-in-trade		-	537
Provision for slow moving stores, spare parts and loose tools		5,274	1,296
General expenses		1,578	1,830
Reimbursement of fixed expenses	27.2	(10,974)	-
		<u>1,251,588</u>	<u>2,058,988</u>
Opening work-in-process		29,531	33,561
Closing work-in-process		(23,133)	(29,531)
		<u>6,398</u>	<u>4,030</u>
Cost of goods manufactured		<u>1,257,986</u>	<u>2,063,018</u>
Opening stock of finished goods		16,486	40,546
Closing stock of finished goods		(49,352)	(16,486)
		<u>(32,866)</u>	<u>24,060</u>
		<u>1,225,120</u>	<u>2,087,078</u>
<b>27.1</b>	Included herein are the following retirement benefits:		
Gratuity		1,285	1,172
Employees Old Age Benefits		744	833
Provident Fund		2,371	2,453
		<u>4,400</u>	<u>4,458</u>



27.2 Represents amount received by the Company on account of Human Resource and Admin facility, security, car parking, sanitation, gardening and various other services provided by it to the related parties during the period.

	Note	Nine months period ended March 31, 2014 (Rupees in thousands)	Year ended June 30, 2013
<b>28. SELLING AND DISTRIBUTION EXPENSES</b>			
Salaries and allowances	28.1	7,226	8,153
Advertisement and publicity		2,590	2,062
Cartage and octroi		2,189	4,658
Travelling and conveyance		2,440	2,739
Executive training		160	102
Depreciation	4.3	316	288
Insurance		3,896	6,966
Ijarah rentals		58	-
Printing and stationery		30	256
Postage, telephone and telegrams		247	328
Medical expenses		220	240
Rent, rates and taxes		592	1,026
Business promotion expenses		5,161	4,317
Subscriptions		1	3
Repairs and maintenance		9	54
General expenses		197	301
		<u>25,332</u>	<u>31,493</u>
<b>28.1</b> Included herein are the following retirement benefits:			
Gratuity		99	183
Employees Old Age Benefits		48	53
Provident Fund		208	256
		<u>355</u>	<u>492</u>
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances	29.1	39,055	49,296
Medical expenses		68	57
Travelling and conveyance		1,038	805
Insurance		1,640	2,146
Depreciation	4.3	3,223	6,034
Amortization	5.1	1,925	2,288
Printing and stationery		563	879
Postage, telephone and telegrams		558	1,054
Business promotion expenses		-	302
Subscriptions		262	577
Ijarah rentals		309	-
Advertisement and publicity		93	318
Training expenses		138	600
Repairs and maintenance		5,521	6,413
Operating fixed assets written-off		-	737
General expenses		1,032	1,069
		<u>55,425</u>	<u>72,575</u>
<b>29.1</b> Included herein are the following retirement benefits:			
Gratuity		593	865
Employees Old Age Benefits		65	71
Provident Fund		1,412	1,596
		<u>2,070</u>	<u>2,532</u>
<b>30. OTHER OPERATING EXPENSES</b>			
Loss on disposal of operating fixed assets		-	2,449
Legal and professional charges		941	1,335
Workers' Profit Participation Fund	23.3	3,797	4,974
Workers' Welfare Fund		2,788	2,619
Auditors' remuneration	30.1	1,074	880
Donation	30.2	1,123	1,260
		<u>9,723</u>	<u>13,517</u>

		<b>Nine months period ended March 31, 2014 (Rupees in thousands)</b>	<b>Year ended June 30, 2013</b>
<b>30.1 Auditors' remuneration</b>			
Audit fee - statutory		600	550
Certification, tax and other services		389	250
Out-of-pocket expenses		85	80
		<u>1,074</u>	<u>880</u>
<b>30.2</b>	Represents donation paid / payable to Atlas Foundation. Mr. Yusuf H. Shirazi, a director of the Company is also the director in Atlas Foundation.		
		<b>Nine months period ended March 31, 2014 (Rupees in thousands)</b>	<b>Year ended June 30, 2013</b>
<b>31. FINANCE COSTS</b>	<b>Note</b>		
Mark-up on:			
- long-term financing - secured		7,698	14,733
- short-term borrowings - secured		26,210	46,502
- finance lease obligation		-	882
Bank and other allied charges		1,437	2,327
		<u>35,345</u>	<u>64,444</u>
<b>32. OTHER INCOME</b>			
Rental income from related parties	32.1	52,549	38,948
Income from services from related parties	32.2	2,481	-
Gain on disposal of operating fixed assets	40.1	1,378	-
Others		-	40
		<u>56,408</u>	<u>38,988</u>
<b>32.1</b>	Represents rental income earned from following related parties:		
Atlas Metals (Private) Limited		30,040	24,993
Atlas Battery Limited		17,985	13,955
Atlas Autos (Private) Limited		634	-
Atlas Hi-tech (Private) Limited		3,890	-
		<u>52,549</u>	<u>38,948</u>
<b>32.2</b>	Represents income from services earned from following related parties:		
Atlas Metals (Private) Limited		493	-
Atlas Autos (Private) Limited		1,793	-
Atlas Hi-tech (Private) Limited		195	-
		<u>2,481</u>	<u>-</u>
<b>33. TAXATION</b>			
For the period / year:			
- current		1,880	21,324
- prior		14,560	-
- deferred		17,352	22,660
	33.1	<u>33,792</u>	<u>43,984</u>
<b>33.1</b>	Reconciliation between tax expense and accounting profit		
Accounting profit for the period / year before taxation		124,691	128,309
Tax at applicable rate of 34% / 35%		42,395	44,908
Tax effects of FTR income and net expenses that are admissible but not included in determining accounting profit		4,108	(13,371)
BMR rebate		(8,982)	(21,532)
Tax effect of prior years' charge		14,560	-
Carry over of minimum tax (utilized) / written-off		(13,727)	33,707
Others (include the impact of reversal of deferred tax asset and rebate on donation)		(4,562)	272
		<u>33,792</u>	<u>43,984</u>

**Nine months  
period ended  
March 31,  
2014  
(Rupees in thousands)**

### 34. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation (Rupees in '000')	90,899	84,325
Weighted average number of ordinary shares in issue (in '000')	24,673	24,673
Basic earnings per share (Rupees)	3.68	3.42

There is no dilution effect on earnings per share of the Company.

### 35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executive	
	2014	2013	2014	2013	2014	2013
	(Rupees in thousands)					
Managerial remuneration	4,651	5,134	-	-	19,215	18,166
Bonus	1,688	2,011	-	-	10,870	12,914
Rent	1,683	2,009	-	-	6,199	7,108
Utility	374	446	-	-	1,377	1,580
Retirement benefits	411	496	-	-	1,518	1,526
Reimbursable expenses	59	74	-	-	439	291
	8,866	10,170	-	-	39,618	41,585
Number of persons	1	1	-	-	19	16

35.1 The Chief Executive is provided with free use of Company maintained car and telephone at residence.

**Nine months  
period ended  
March 31,  
2014  
(Rupees in thousands)**

### 36. CASH GENERATED FROM OPERATIONS

		124,691	128,309
Profit before taxation		124,691	128,309
Adjustments for:			
Depreciation	4.3	46,971	57,702
Amortization	5	1,925	2,288
(Gain) / loss on disposal of operating fixed assets	40.1	(1,378)	2,449
Operating fixed assets written-off		-	737
Provision for obsolete stock-in-trade		-	537
Provision for obsolete stores, spare parts and loose tools		5,274	1,296
Stores, spare parts and loose tools written-off	8.2	(11,312)	-
Provision for gratuity		1,977	2,220
Accrual for compensated absences		4,367	(672)
Finance costs		35,345	64,444
		83,169	131,001
Operating profit before working capital changes		207,860	259,310
Working capital changes	36.1	49,784	40,176
Cash generated from operations		257,644	299,486

	<b>Nine months period ended March 31, 2014 (Rupees in thousands)</b>	<b>Year ended June 30, 2013</b>
<b>36.1 Working capital changes</b>		
Decrease in current assets		
Stores, spares and loose tools	12,934	4,343
Stock-in-trade	21,619	(40,856)
Trade debts	(4,244)	81,762
Loans and advances	6,949	1,902
Trade deposits, short-term prepayments and other receivables	(9,828)	(6,249)
	<u>27,430</u>	<u>40,902</u>
Increase / (decrease) in current liabilities		
Trade and other payables	19,760	(13,422)
Provision and other liabilities	2,594	12,696
	<u>22,354</u>	<u>(726)</u>
	<u>49,784</u>	<u>40,176</u>

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

#### 37.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	<b>2014 (Rupees in thousands)</b>	<b>2013</b>
Long-term loans and advances	593	861
Long-term deposits	16,276	18,451
Trade debts	105,528	101,284
Loans and advances	2,261	9,210
Trade deposits	894	1,910
Other receivables	16,952	10,068
Bank balances	22,637	2,084
	<u>165,141</u>	<u>143,868</u>

#### Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

The maximum exposure to credit risk for trade receivables at reporting date was:

	<b>2014 (Rupees in thousands)</b>	<b>2013</b>
Original Equipment Manufacturers (OEMs)	14,845	22,775
Replacement market	90,683	78,509
	<u>105,528</u>	<u>101,284</u>

Based on past experience the Company believes that no impairment allowance is necessary against amounts past due by 30 days and above as 14.07% (2013: 22.49%) of the amount is due from renowned Motorcycle and Car Assemblers (OEMs) and institutions and remaining amount is due from customers having good track record with the Company.

	2014 (Rupees in thousands)	2013
<b>Cash at bank</b>		
A1+	17,554	460
A-1+	1,675	1,070
A-1	42	52
A-2	3,366	-
A-3	-	502
	<u>22,637</u>	<u>2,084</u>

### 37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	March 31, 2014					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	----- (Rupees in thousands) -----					
Long-term financing - secured	-	-	55,975	103,937	-	159,912
Short-term borrowings	208,851	-	-	-	-	208,851
Trade and other payables	105,455	-	-	-	-	105,455
Running finance under mark-up arrangements	761	-	-	-	-	761
Provision and other liabilities	23,829	-	-	-	-	23,829
Accrued mark-up	9,869	-	-	-	-	9,869
	<u>348,765</u>	<u>-</u>	<u>55,975</u>	<u>103,937</u>	<u>-</u>	<u>508,677</u>

	June 30, 2013					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	----- (Rupees in thousands) -----					
Long-term financing - secured	-	-	41,111	65,239	-	106,350
Short-term borrowings	221,544	-	-	-	-	221,544
Trade and other payables	81,341	-	-	-	-	81,341
Running finance under mark-up arrangements	76,555	-	-	-	-	76,555
Provision and other liabilities	25,051	-	-	-	-	25,051
Accrued mark-up	7,304	-	-	-	-	7,304
	<u>411,795</u>	<u>-</u>	<u>41,111</u>	<u>65,239</u>	<u>-</u>	<u>518,145</u>

### 37.3 Interest rate risk profile

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term and short-term debt obligations with floating interest rates.

**Sensitivity Analysis:**

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rupees in thousands)
<b>March 31, 2014</b>		
KIBOR	+100	(3,695)
KIBOR	-100	3,695
<b>June 30, 2013</b>		
KIBOR	+100	(4,045)
KIBOR	-100	4,045

**37.4 Capital risk management**

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at March 31, 2014 and June 30, 2013 were as follows:

Note	March 31, 2014 (Rupees in thousands)	June 30, 2013
Long term financing	159,912	106,350
Short term borrowings	208,851	221,544
Running finance under mark-up arrangements	761	76,555
Accrued mark-up	9,869	7,304
Total debt	379,393	411,753
Less: Cash and bank balances	23,069	2,638
Net debt	356,324	409,115
Share capital	246,734	246,734
Reserves	242,756	190,087
Equity	489,490	436,821
Capital	845,814	845,936
Gearing ratio	42.13%	48.36%

**37.5 Fair value of financial instruments**

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

### 38. RELATED PARTY TRANSACTIONS

The related parties include entities with common directors, major shareholders, directors, key management personnel and staff retirement benefit plans. The Company has a policy whereby transactions with related parties are entered into at arm's length prices other than certain benefits to employees under the terms of the employment. The transactions with related parties, other than remuneration and benefits to key management personnel disclosed in note 35 and 40 are as follows:

Relationship with the Company	Nature of transactions	Nine months period ended	
		March 31, 2014	Year ended June 30, 2013
		(Rupees in thousands)	
<b>Entities having shareholding and directors in common with the Company</b>			
Shirazi Investments (Private) Limited	Dividend paid	36,553	14,604
	Office rent	915	832
Shirazi Capital (Private) Limited	Dividend paid	-	3,599
Atlas Metals (Private) Limited	Rental income	30,040	24,993
	Income from services	493	-
	Sale of operating fixed assets	1,095	691
	Reimbursement of fixed expenses	8,100	-
Atlas Honda Limited	Sale of goods	997,412	1,986,897
	Sale of operating fixed assets	-	2,051
	Purchase of scrap	10,159	14,063
	Purchase of motorcycles	1,849	988
	Purchase of vehicle	-	1,857
	Expenses claimed	-	316
Atlas Hi-tech (Private) Limited	Rental income	3,890	-
	Income from services	195	-
Atlas Battery Limited	Sale of goods	-	68
	Rental income	17,985	13,955
Atlas Autos (Private) Limited	Purchase of services	28,041	7,527
	Sale of goods	54,923	117,047
	Sale of operating fixed assets	20,500	-
	Rental income	634	-
	Income from services	1,793	-
	Reimbursement of fixed expenses	2,874	-
Atlas Insurance Limited	Insurance premium	23,065	26,510
Shirazi Trading Company (Private) Limited	Photocopier spares and services	126	203
	Purchase tools and equipment	3,328	6,854
	Commission expense	425	-
Atlas Foundation	Donations paid	1,283	462
	Office rent	536	649
Employees' retirement benefit plans	Contribution paid during the period / year	2,993	2,885

The related party status of outstanding receivables and payables as at March 31, 2014 are given in respective notes to the financial statements.

### 39. PRODUCTION CAPACITY

The production capacity of the plant cannot be determined as this depends on the relative proportions of various types of components and parts of vehicles and tractors produced.

**40. DETAILS OF OPERATING FIXED ASSETS DISPOSED-OFF**

40.1 The following operating fixed assets were disposed-off during the year:

	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (Loss)	Mode of disposal	Particular of buyers
----- (Rupees in thousands) -----							
<b>Owned</b>							
Plant and machinery	36,010	18,080	17,930	20,500	2,570	Negotiations	Atlas Autos (Private) Limited
Plant and machinery	10,970	5,323	5,647	4,500	(1,147)	Negotiations	Matchless Engineering (Private) Limited
Computers	1,013	942	71	30	(41)	Negotiations	Akram Scrap Dealer
Furniture and fittings	129	82	47	40	(7)	Negotiations	Akram Scrap Dealer
<b>Vehicles</b>							
Honda CD 70	64	10	54	54	-	Company Policy	Mr. Mukhtiar Ahmed - Employee
Honda CD 70	64	22	42	42	-	Company Policy	Mr. Raja M. Arif - Employee
Honda CD 70	64	20	44	44	-	Company Policy	Mr. Muhammad Ashraf -Employee
Honda CD 70	60	36	24	24	-	Company Policy	Syed Firasat Ali -Employee
Honda CG 125	110	28	82	82	-	Company Policy	Mr. Raja M. Arif - Employee
Honda CG 125	107	39	68	68	-	Company Policy	Mr. Faisal Rehman Atique - Employee
Honda CG 125	93	11	82	82	-	Company Policy	Mr. Zahid Ali Khan - Employee
Honda CG 125	110	36	74	74	-	Company Policy	Mr. Saad Ahmed - Ex - Employee
Honda CG 125	104	49	55	58	3	Negotiations	Akram Scrap Dealer
Honda Civic	1,849	1,082	767	767	-	Negotiations	Mr. Abdul Majid Tafhimi
Honda Civic	1,760	578	1,182	1,182	-	Company Policy	Mr. Munzim Ahmed Vahidy - Employee
Honda Civic	1,719	1,018	701	701	-	Negotiations	Mr. Muhammad Nauman
Honda City	1,507	500	1,007	1,007	-	Company Policy	Mr. Abdul Sattar - Employee
Honda City	1,445	350	1,095	1,095	-	Transfer of Employee	Atlas Metals (Private) Limited
Suzuki Mehran	509	306	203	203	-	Company Policy	Mr.. Arshad Majeed - Employee
Suzuki Mehran	673	-	673	673	-	Sale and Leaseback	Meezan Bank Limited
Suzuki Mehran	673	-	673	673	-	Sale and Leaseback	Meezan Bank Limited
Suzuki Mehran	673	-	673	673	-	Sale and Leaseback	Meezan Bank Limited
Suzuki Mehran	673	-	673	673	-	Sale and Leaseback	Meezan Bank Limited
Suzuki Mehran	673	-	673	673	-	Sale and Leaseback	Meezan Bank Limited
<b>March 31, 2014</b>	<b>61,052</b>	<b>28,512</b>	<b>32,540</b>	<b>33,918</b>	<b>1,378</b>		
June 30, 2013	50,359	29,811	20,548	18,099	(2,449)		

**41. NUMBER OF EMPLOYEES**

Total number of persons employed as at the year end were 224 (2013: 228) and average number of employees during the year were 224 (2013: 224).

**42. DIVIDEND AND APPROPRIATIONS**

The Board of Directors in their Board meeting held on June 13, 2014 has recommended a final cash dividend of Rs. 1.50/- per share i.e. 15% (2013: Rs. 1.50/- per share i.e. 15%) for the nine months period ended March 31, 2014. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on July 15, 2014. The financial statements for the nine months period ended March 31, 2014 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending March 31, 2015.

**43. GENERAL**

43.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

43.2 As disclosed in note 1, during the nine months period ended March 31, 2014 the Company has changed its financial year from June 30 to March 31. Accordingly, the financial statements cover the period from July 01, 2013 to March 31, 2014. Corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity pertain to full year ended June 30, 2013 and, hence, are not comparable.

43.3 These financial statements were authorized for issue on June 13, 2014 by the Board of Directors of the Company.



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman



## Pattern of Shareholding As at March 31, 2014

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer and their spouse and minor children	6	6	0.000
2	Associated Companies, Undertaking and Related Parties	1	24,430,352	99.015
3	NIT & ICP	1	319	0.001
4	Banks / Financial Institutions	7	10,932	0.045
5	Others Companies	12	6,388	0.025
6	General Pubic / Individuals	596	225,393	0.914
		623	24,673,390	100.000

## Pattern of Shareholding

### As at March 31, 2014

	Number	Shares	Percentage
<b>A) Associated Companies, Undertakings and Related Parties</b>			
Shirazi Investment (Pvt.) Limited	1	24,430,352	99.01
<b>B) NIT &amp; ICP</b>			
Investment Corporation of Pakistan	1	319	0.00
<b>C) DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN</b>			
<b>DIRECTORS &amp; THEIR SPOUSES</b>			
Mr. Ali H. Shirazi	1	1	0.00
Mr. Yusuf Hussain Shirazi & Khawar Shireen Shirazi	1	1	0.00
Mr. Khaleeq-Ur-Rehman	1	1	0.00
Mr. Bashir Makki	1	1	0.00
Mr. Suhail Ahamed	1	1	0.00
Mr. Frahim Ali Khan	1	1	0.00
	6	6	0.00
<b>EXECUTIVE</b>	-	-	-
<b>D) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS</b>			
Banks	6	7,335	0.03
Investment Company	1	3,597	0.01
	7	10,932	0.05
<b>E) OTHER COMPANIES</b>	12	6,388	0.03
<b>F) GENERAL PUBLIC (LOCAL)</b>	596	225,393	0.91
<b>TOTAL</b>	623	24,673,390	100.00
<b>G) SHAREHOLDERS HOLDING 05% OR MORE</b>			
Shirazi Investment (Pvt.) Limited	1	24,430,352	99.01
<b>H) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN</b>	-	-	-

## Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012

The Secretary  
Atlas Engineering Limited  
15th Mile, National Highway  
Landhi, Karachi-75120

Registered Folio/  
Participant's ID No. &  
A/c. No.

No. of Shares held

## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

being member(s) of Atlas Engineering Limited, and a holder of \_\_\_\_\_

Shares Nos. \_\_\_\_\_ hereby appoint

Mr./Mrs./Miss \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

who is also a member of the Company, as proxy in my absence to attend and to vote for me, and on my behalf at the Annual General Meeting of the Company to be held on July 15, 2014 at 10:00 a.m. at Corporate Office, Federation House, 2nd Floor, Shahrah-e-Firdousi, main Clifton, Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signed by the said in the presence of

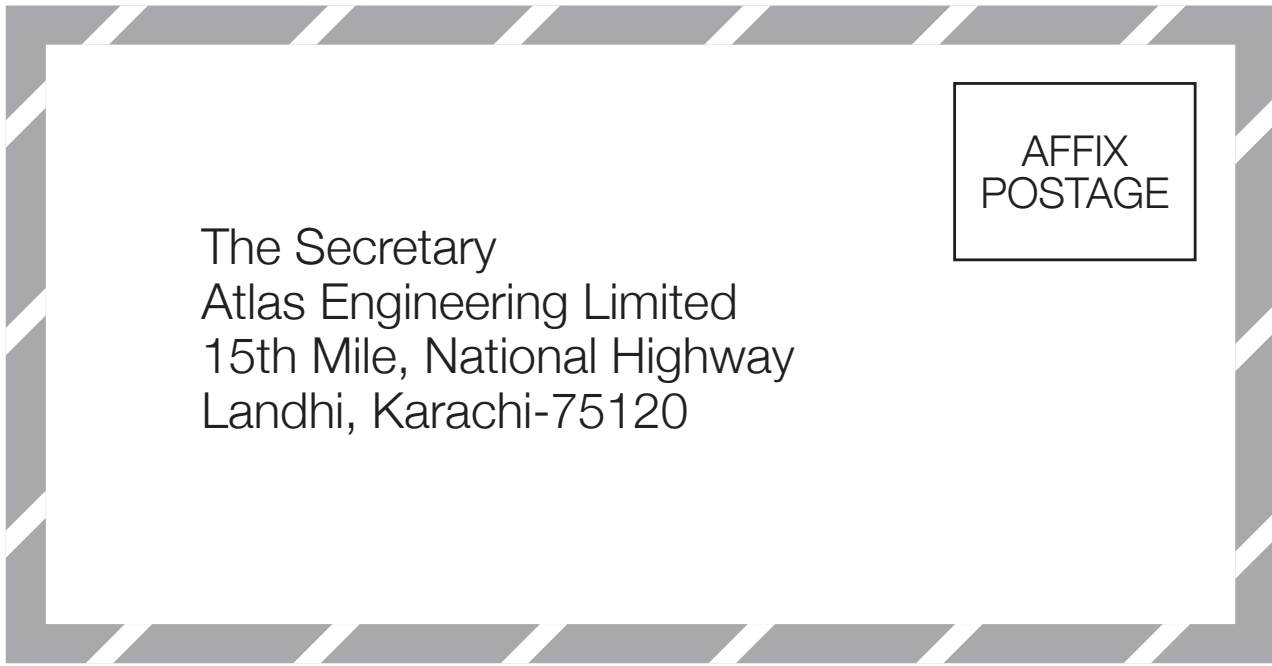
Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please affix  
Rupees Five  
Revenue  
Stamp

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

Notes:

1. The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting, and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Company.



The Secretary  
Atlas Engineering Limited  
15th Mile, National Highway  
Landhi, Karachi-75120

AFFIX  
POSTAGE

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**Atlas Engineering Limited**

15th Mile, National Highway, Landhi, Karachi-75120, Pakistan

PABX: 111-111-AEL (235) Fax: 021-35011709

Email: [aeilkhi@atlasengineering.com.pk](mailto:aeilkhi@atlasengineering.com.pk)

Website: [www.atlasengineering.com.pk](http://www.atlasengineering.com.pk)