





About the title page

Starting with an initial capital of Rs.500,000/-, Mr. Yusuf H. Shirazi, the Founder of Atlas Group, established an investment company, Shirazi Investments (Private) Limited (SIL). This event marked the birth of Atlas Group. During this period Atlas Group grew rapidly. With this momentum, in 1966, Mr. Yusuf H. Shirazi signed a technical collaboration agreement with Japan Storage Battery Co. Ltd. Japan (now known as GS Yuasa Corporation) for production and sale of Japanese quality batteries in Pakistan. The fruitful partnership started production in 1969 with the genesis of the brand "AGS" – where "A" stands for Atlas and "GS" stands for Genzo Shimadzu (the founder of Japan Storage Battery Co. Ltd., Japan).

The Company manufactures a wide range of polypropylene batteries suitable for passenger cars, trucks, tractors, heavy vehicles, motor cycles, construction and road-building equipment, as well as stationary and industrial applications.

Having the **Spark to move ahead**, the Company has experienced tremendous success over the years and expanded its production capacity to meet market demand. With latest Japanese technology, a large dealership network and comprehensive after sale service, the Company today has earned a reputation as manufacturer of highest quality products and thus living up to our tagline ... **بات بھ کوالٹی کی**

The Company is cognizant of the high demand for batteries in the country due to prevailing energy crisis and increasing number of vehicles on the road. Hence your company is dedicated to providing the **Power that Moves you.**

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Vision

A leading innovative organization, manufacturing and marketing superior quality automotive, motorcycle and industrial batteries for domestic and international market.

Mission

Ensuring customer satisfaction through the highest degree of quality and service with innovation and dynamic management while meeting stakeholders' expectations and serving as a model corporate citizen.

Values

Transparency

Meritocracy

Integrity

Quality

Safety

Excellence



Strategic Objectives

The Company has set strategic objectives which are regularly monitored through certain indicators, to measure their progress.

Objectives

- **Employees**
To develop, update and enhance our employees' skills, knowledge and creative potential.
- **Consumer**
Dedicated to provide highest level of satisfaction to our consumers and value for their money.
- **Quality**
To maintain edge over competitors in terms of quality of products and services meeting the set standards of excellence.
- **Technology**
To develop a support model and technical infrastructure that strikes the appropriate balance between central and decentralized support and satisfies the diverse needs of the Company.
- **Innovation**
Driven for innovation and continuous improvement.
- **Shareholders**
To safeguard shareholders' interest through a healthy and viable business, that regularly pays satisfactory dividends and adds value to their investment.
- **Corporate Governance**
Committed to the principles of good Corporate Governance by managing and supervising the Company responsibly with proper internal controls, risk management and efficient and effective operations.
- **Corporate Success**
To recognize that Leadership, Empowerment and Accountability are essential for corporate success.

Indicators

- **Employees**
 - Resources allocated to identifying and meeting training needs of associates.
- **Consumer**
 - Quality Product.
 - After sales services.
 - Number of warranty claims lodged and acknowledged.
- **Quality**
 - Quality control assurance and monitoring checks / audit.
- **Technology**
 - Automation of processes.
 - Investment in information technology.
- **Innovation**
 - Capex allocation towards improvement of production facilities.
 - New product development.
- **Shareholders**
 - Earnings per share.
 - Return on equity.
 - Assets turnover.
 - Dividend per share.
- **Corporate Governance**
 - Number of non-executive directors.
 - Compliance with Code of Corporate Governance.
- **Corporate Success**
 - Clear Strategy and Direction from Dynamic BOD.
 - Associate turnover.
 - Job rotation and promotion.

Quality Policy

We will continue to manufacture AGS batteries by fostering superior technologies and innovations to fulfill our objectives, the needs and expectation of our customers and other requirements of our Quality Management System.

Journey of Success

1966-1976

- 1969** Technical collaboration with Japan Storage Battery Co. Ltd., Japan.
- 1969** Automotive batteries production started.
- 1974** Motorcycle batteries production started.

1977-1986

- 1979** Nominated for KSE Top 25 Companies.
- 1981** Nominated for KSE Top 25 Companies.
- 1984** Plant expansion.
- 1986** Introduced polypropylene batteries.

1987-1996

- 1987** Joint Venture established with Japan Storage Battery Co. Ltd., Japan with 10% equity injection.
- 1989** Joint Venture was strengthened with Japan Storage Battery Co. Ltd., Japan with further 5% equity injection.
- 1994** PSI Certification (Quality) for automotive batteries.
- 1996** Export of motorcycle batteries.

1997-2006

- 1998** Export of automotive batteries.
- 1998** PSI Certification (Quality) for motorcycle batteries.
- 1999** 2nd plant expansion with automatic assembly line.
- 2000** ISO – 9002 Certification.
- 2000** Best Presented Annual Report Awards – ICAP and ICMAP.

- 2001** Best Presented Annual Report Awards – ICAP and ICMAP.

- 2003** ISO – 9001 – 2000 E.

- 2006** World Quality Commitment – Paris 2006 Gold.

2007-2014

- 2008** Awarded Brand of the Year Award by the Prime Minister of Pakistan for being No. 1 in Consumer Preference.

- 2009** Crossed the one million production milestone in automotive batteries segment.

- 2011** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2007-08 and 2008-09).

- 2012** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2009-10) for the third year consecutively.

- 2012** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).

- 2013** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2010-11) for the fourth year consecutively.

- 2013** Awarded the “Management Excellence Award” by the Management Association of Pakistan (MAP).

- 2013** First battery manufacturer to launch company branded distilled water.

- 2014** Won the Karachi Stock Exchange (KSE) Top 25 Companies Award (2011-12) for the fifth year consecutively.

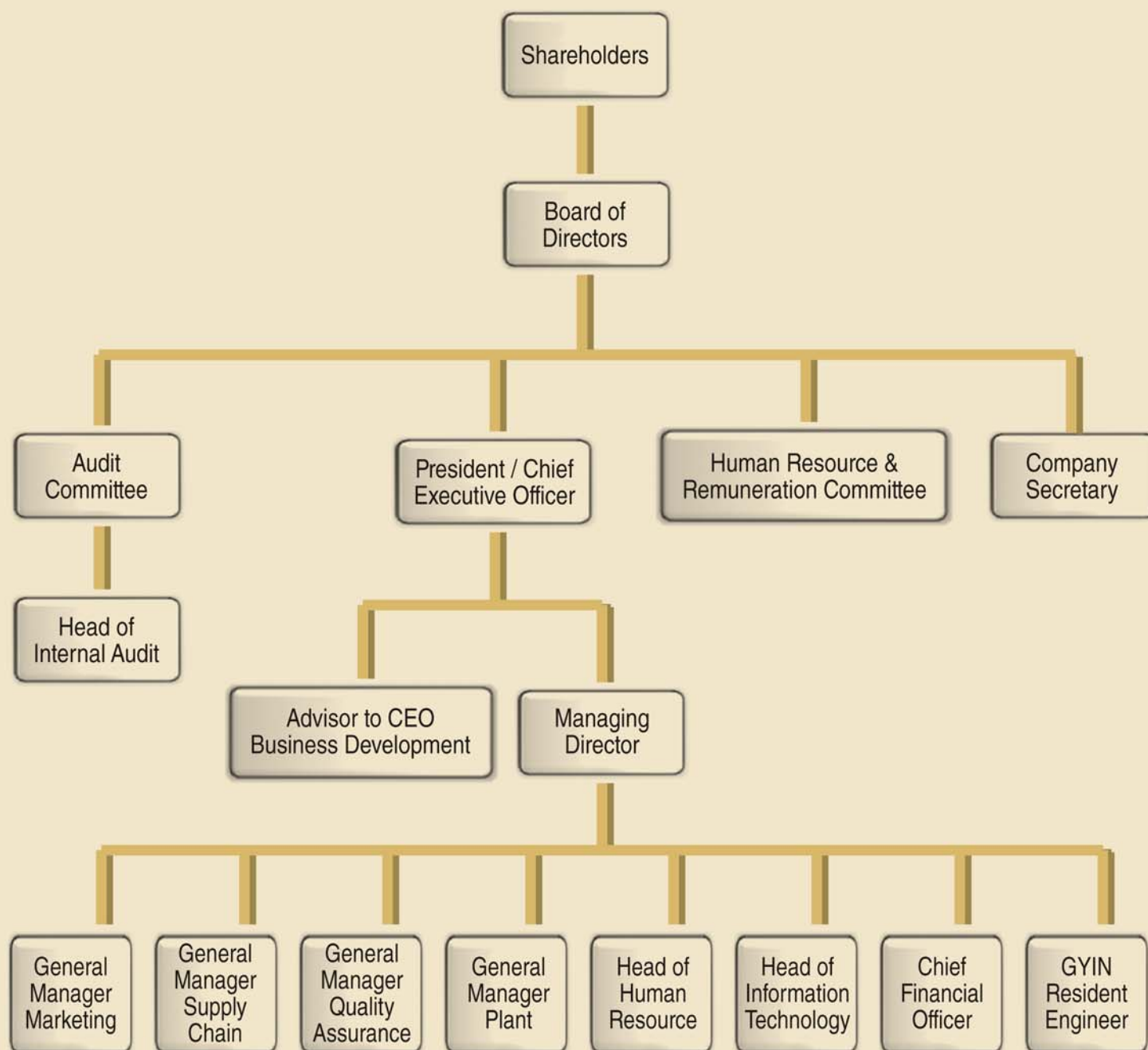
Geographical Presence



Dealership Network

We have a vast network of dealers, details of which could be found on our website www.atlasbattery.com.pk

Organization Chart



Corporate Data

Exceptional Energy for Motorcycles

Classic 4

This battery has 18 plates in each of its 6 cells and is used by the following brands: Honda, Yamaha & Suzuki

GTX 4 Plus

This battery is used by Honda, Yamaha, Suzuki and many other trusted brands. This battery gets its exceptional energy through the combination of 18 plates in each of its 6 cells



Company Information



Board of Directors

Yusuf H. Shirazi
Chairman

Ariful Islam
Director

Bashir Makki
Director

Kamal A. Chinoy
Director

Makio Tanaka
Director

Omar Saeed
Director

Ali H. Shirazi
President / Chief Executive

Rizwan Ahmed
Company Secretary

Audit Committee

Kamal A. Chinoy
Chairman

Bashir Makki
Member

Omar Saeed
Member

M. Rizwan Jamil
Secretary & Head of Internal Audit

Human Resource and Remuneration Committee

Omar Saeed
Chairman

Ali H. Shirazi
Member

Bashir Makki
Member

Ahmar Waheed
Secretary

Management Committee

Ali H. Shirazi
President / Chief Executive

Talha Saad
Managing Director

Arshad Gulraiz Butt
Advisor to CEO

Mohsin Khan
General Manager Marketing

Muhammad Iqbal
General Manager Supply Chain

Muhammad Jamil Awan
General Manager Quality Assurance

Nehal Asghar
General Manager Plant

Ahmar Waheed
Head of Human Resource

Qasim Imran Khan
Head of Information Technology

Rizwan Ahmed
Chief Financial Officer & Company Secretary

Auditors

Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Agha Faisal Barrister at Law
Mohsin Tayebaly & Co.

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

Allied Bank Limited
Bank Alfalah Limited
Barclays Bank PLC
HSBC Bank Middle East Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
United Bank Limited

Share Registrar

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

Registered Office & Factory

D-181, Central Avenue, S.I.T.E., Karachi-75730
Tel: (021) 32567990-94 Fax: (021) 32564703

Zonal Office Karachi

4-C, Khayaban-e-Tanzeem, Tauheed Commercial,
Phase V, D.H.A., Karachi
Tel: (021) 35877911-15 Fax: (021) 35877916

Sukkur Office

F-33/4, Barrage Colony, Workshop Road, Sukkur
Tel: (071) 5612532 Fax: (071) 5612532

Zonal Office Lahore

Salam Chambers, 21 Link Mcleod Road,
Lahore-54000
Tel: (042) 37227075 & 37354245 Fax: (042) 37352724

Faisalabad Office

54-Chenab Market, Madina Town, Faisalabad
Tel: (041) 8713127 Fax: (041) 8726628

Multan Office

Azmat Wasti Road, Chowk Dera Adda, Multan-60000
Tel: (061) 4548017

Peshawar Office

Ground Floor, Zeenat Plaza, Near General Bus Stand,
G.T. Road, Peshawar
Tel: (091) 2262485

Rawalpindi Office

312-A, Kashmir Road, R.A. Bazar,
Rawalpindi-65847
Tel: (051) 5567423

Sahiwal Office

647-V-7, Al-Hilal Building, Nishter Road,
Sahiwal-57000
Tel: (040) 4461539

Company Website

www.atlasbattery.com.pk

Email Address

abl@atlasbattery.com.pk

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 9:30 a.m. on Friday, September 26, 2014 at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi, to transact the following business:

Ordinary Business:

1. To confirm Minutes of Extra Ordinary General Meeting held on May 20, 2014.
2. To receive, consider and adopt the Audited Annual Financial Statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Report thereon.
3. To consider and approve the Cash dividend at the rate of @ 100% (Rs. 10/- per share) for the year ended June 30, 2014 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2015. The present Auditors M/s. Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Other Business:

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



Company Secretary

Karachi: September 03, 2014

NOTES:

1. The Share Transfer Books of the Company will remain closed from September 12, 2014 to September 26, 2014 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Hameed Majeed Associates (Private) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi before the close of business on September 11, 2014 will be considered in time for the purpose of entitlement for cash dividend.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. Any individual Beneficial Owner of the Central Depository Company (CDC), entitled to vote at this meeting must bring his / her Computerized National Identity Card (CNIC) or passport (in case of foreigner) along with CDC account number to prove his / her identity and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to immediately inform the Company's Share Registrar of any change in their mailing address.
5. Members are requested to provide by mail or fax, photocopy of their CNIC or passport (in case of foreigner), unless it has been provided earlier, enabling the Company to comply with relevant laws.

Information for Shareholders

Company's Registered Office

D-181, Central Avenue, S.I.T.E., Karachi-75730
Tel: (021) 32567990-4
Fax: (021) 32564703

Share Registrar

M/s. Hameed Majeed Associates (Pvt) Ltd.,
Karachi Chambers, Hasrat Mohani Road, Karachi.
Tel: (021) 32424826 & 32412754
Fax: (021) 32424835

Listing on Stock Exchanges

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

Listing Fees

The annual listing fee for the financial year 2013-14 has been paid to the two stock exchanges within the prescribed time limit.

Stock Symbol

The stock symbol for dealing in equity shares of Atlas Battery Limited at KSE and LSE is 'ATBA'.

Statutory Compliance

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

Share Transfer System

Share transfers received by the Company's Share

Registrar are registered within 30 days from the date of receipt, provided the documents are complete in all respects.

Dividend Announcement

The Board of Directors of the Company has proposed a Final Cash Dividend of Rs. 10/- each for the year ended June 30, 2014, subject to the approval by the shareholders of the Company at the Annual General Meeting.

Dividend paid for the previous year ended June 30, 2013 was Cash Dividend of Rs.10/- per share (100%) and Bonus Shares @ 20% (One bonus share for every Five shares held).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from September 12, 2014 to September 26, 2014 (both days inclusive).

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days.

(i) For shares held in physical form

To shareholders whose names appear in the register of members of the Company after entertaining all requests for transfer of shares lodged with the Company by September 11, 2014.

(ii) For shares held in electronic form

To shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on September 11, 2014.

Withholding of Tax & Zakat on Dividend

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company, wherever applicable.

Zakat is also deductible at source from the dividend amount at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Dividend Warrants

Cash Dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the register of members at the date of book closure. Shareholders are requested to deposit those warrants into their bank accounts, at the earliest, thus helping the Company to clear the unclaimed dividend account.

The shareholders are informed that SECP through S.R.O. 779(1)/2011 dated August 18, 2011 has made it mandatory that dividend warrants issued by the issuer should bear Computerized National Identity Card (CNIC) numbers of the registered shareholders, except in the case of minor(s) and corporate shareholders. The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner copy of passport, unless it has already been provided.

Dividend Mandate (Optional)

Transferee of shares may exercise option for dividend mandate by using the revised "Form of Transfer Deed". The revised form of transfer deed will enable the transferees to receive cash dividend directly in their bank accounts, if such transferee provides particulars of its bank account which he / she / it desires to be used for credit of cash dividend. The existing shareholders have the option to seek the dividend

mandate by using the standardized "Dividend Mandate Form" if they so desires. Shareholders maintaining shareholding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service.

Annual General Meetings

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

Proxies

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

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

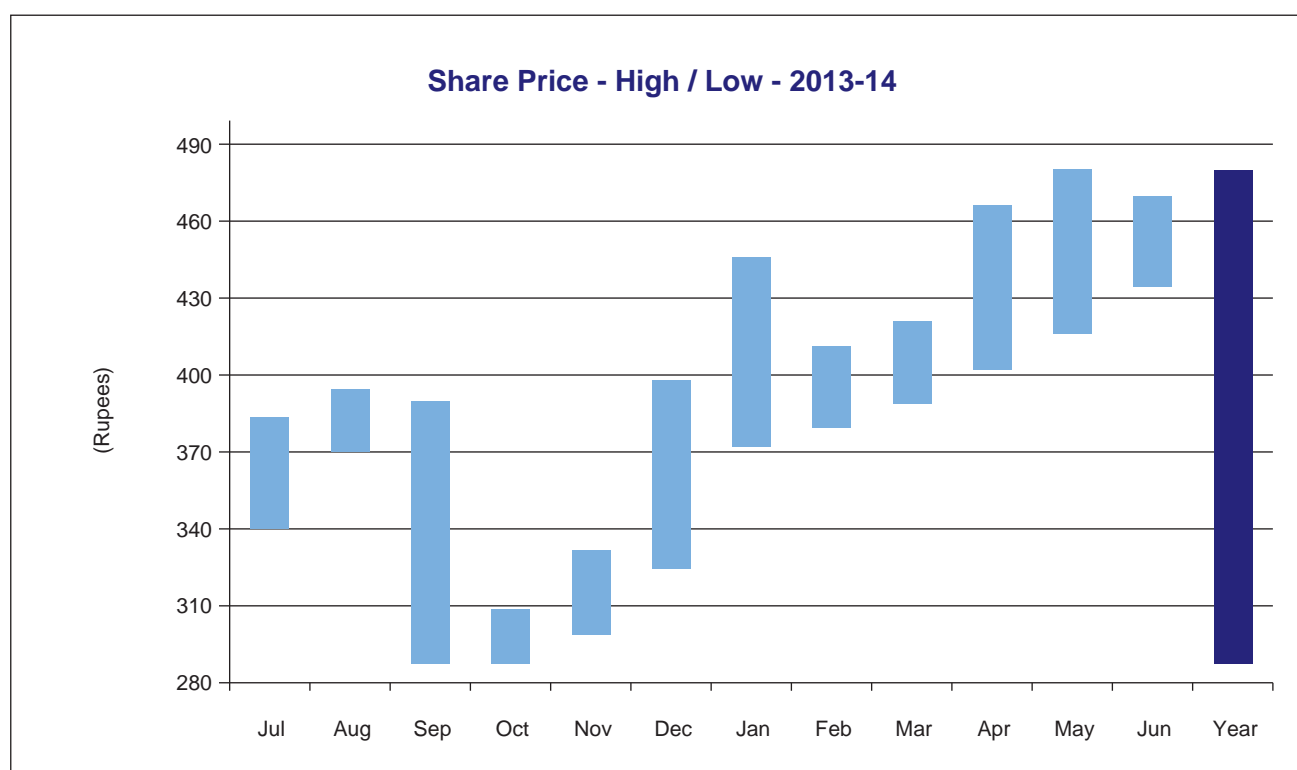
Website

Updated information regarding the Company can be accessed at www.atlasbattery.com.pk. The website contains the latest financial results of the Company together with Company's profile and product range.

Share Price and Volume

The following table shows the monthly high, low and closing share prices of the Company and the volume of shares traded on the Karachi Stock Exchange during the financial year ended June 30, 2014.

Months	Highest (Rs.)	Lowest (Rs.)	Closing (Rs.)	No. of shares traded
Jul-13	382.10	340.00	378.00	26,800
Aug-13	393.73	370.00	383.00	43,600
Sep-13	389.00	288.00	288.00	57,400
Oct-13	307.50	289.51	301.00	24,200
Nov-13	330.00	299.00	330.00	32,600
Dec-13	397.50	325.00	390.00	63,800
Jan-14	445.00	372.00	380.01	49,100
Feb-14	410.01	380.00	383.00	55,500
Mar-14	420.00	390.00	405.00	19,000
Apr-14	465.00	402.00	437.00	75,300
May-14	479.00	416.00	470.00	47,300
Jun-14	469.00	436.00	450.00	83,900



Pattern of Shareholding

As at June 30, 2014

NO. OF SHAREHOLDERS	HAVING SHARES FROM	TO	SHARES HELD	PERCENTAGE
544	1	100	13,306	0.10%
314	101	500	81,971	0.47%
147	501	1,000	103,498	0.59%
227	1,001	5,000	499,498	2.87%
61	5,001	10,000	425,442	2.45%
12	10,001	15,000	153,947	0.88%
9	15,001	20,000	151,714	0.87%
3	20,001	25,000	67,975	0.39%
2	25,001	30,000	55,237	0.32%
5	35,001	40,000	162,168	0.93%
1	40,001	45,000	35,138	0.20%
2	45,001	50,000	93,468	0.54%
2	50,001	55,000	115,083	0.66%
1	75,001	80,000	62,208	0.36%
1	80,001	85,000	86,000	0.49%
1	85,001	90,000	98,288	0.56%
2	90,001	95,000	216,241	1.24%
1	145,001	150,000	174,182	1.00%
1	200,001	205,000	240,566	1.38%
1	235,000	240,000	303,420	1.74%
1	250,001	255,000	319,872	1.84%
1	265,001	270,000	325,522	1.87%
1	270,001	275,000	347,181	2.00%
1	285,001	290,000	416,174	2.39%
1	575,001	580,000	695,692	4.00%
1	2,170,001	2,175,000	2,609,947	15.00%
1	3,620,001	3,625,000	4,345,200	24.97%
1	4,330,001	4,335,000	5,200,831	29.89%
<u>1,345</u>			<u>17,399,769</u>	<u>100.00%</u>

The slabs representing nil holding have been omitted.

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shares held
Directors, Chief Executive and their spouse and minor children	6	8,697	0.05%
Associated companies, undertakings & related parties (Note 1)	6	13,474,962	77.44%
NIT and ICP	5	5,540	0.03%
Banks, DFIs & NBFCs	4	15,435	0.09%
Insurance Companies	4	448,938	2.58%
Modarabas and Mutual Funds	2	25,780	0.14%
Public Sector Companies & Corporations	1	240,566	1.38%
General Public			
Local	1,294	2,764,858	15.91%
Foreign	-	-	-
Others			
Corporate Law Authority (Securities and Exchange Commission of Paksitan)	1	1	-
Joint Stock Companies	20	409,711	2.35%
Trustee of Iftikhar Shirazi Family Trust	1	1	-
Trustees Al-Bader Welfare Trust	1	5,280	0.03%
	<u>1,345</u>	<u>17,399,769</u>	<u>100.00%</u>

Note:

1. Following shareholders are shown under Associated Companies category:

Atlas Foundation	319,872	1.84%
Atlas Insurance Limited	303,420	1.74%
GS Yuasa International Limited - Japan	2,609,947	15.00%
Shirazi (Private) Limited	695,692	4.00%
Shirazi Capital (Private) Limited	4,345,200	24.97%
Shirazi Investments (Private) Limited	5,200,831	29.89%

Pattern of Shareholding as at June 30, 2014

Information required under the Code of Corporate Governance

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shares held
Associated Companies, Undertakings and Related Parties			
Atlas Foundation	1	319,872	1.84%
Atlas Insurance Limited	1	303,420	1.74%
GS Yuasa International Limited - Japan	1	2,609,947	15.00%
Shirazi (Private) Limited	1	695,692	4.00%
Shirazi Capital (Private) Limited	1	4,345,200	24.97%
Shirazi Investments (Private) Limited	1	5,200,831	29.89%
	6	13,474,962	77.44%
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	16,396	0.09%
CDC Trustee Al-Ameen Islamic Retsar Fund Equity subfund	1	9,384	0.05%
	2	25,780	0.14%
NIT and ICP			
Investment Corporation of Pakistan	4	1,534	0.01%
IDBP - (ICP Unit)	1	4,006	0.02%
	5	5,540	0.03%
Directors, Chief Executive and their spouse and minor children			
Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi	1	1	-
Mr. Ali H. Shirazi	1	1	-
Mr. Ariful Islam	1	2,500	0.01%
Mr. Bashir Makki	1	1	-
Mr. Kamal A. Chinoy	1	1	-
Mr. Omar Saeed	1	6,193	0.04%
	6	8,697	0.05%
Executives			
	-	-	-
Public Sector Companies & Corporations			
State Life Insurance Corporation of Pakistan	1	240,566	1.38%
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarabas and Mutual Funds			
	8	464,373	2.67%
General Public			
	1,294	2,764,858	15.91%
Others			
	23	414,993	2.38%
	1,345	17,399,769	100.00%
Shareholders holding 5% or more voting interest			
GS Yuasa International Limited - Japan	1	2,609,947	15.00%
Shirazi Capital (Private) Limited	1	4,345,200	24.97%
Shirazi Investments (Private) Limited	1	5,200,831	29.89%

Details of Trading in the shares by Directors

Name	No. of Shares Traded	Date of Trade	Detail
Mr. Ariful Islam	2,500	15-Apr-2014	Purchased from market

Board of Directors

Mr. Yusuf H. Shirazi

Chairman

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

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Ariful Islam

Director

Mr. Ariful Islam is a Chartered Accountant from England and Wales and a Fellow member of the Institute of Chartered Accountants of Pakistan. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer and subsequently elevated as Deputy CEO of the Bank. He has previously worked with Faysal Bank Limited and MCB Bank Limited, where he held various senior management positions in the capacity of Executive Vice President and Senior Executive Vice President, respectively. He has over 25 years of experience in the financial sector. Currently, Mr. Islam is the Chairman of the Board of Al Meezan Investment Management Limited, the Bank's asset management subsidiary and a director on the Board of Atlas Battery Limited.

Mr. Bashir Makki

Director

Mr. Bashir Makki is an MBA from IBA, Karachi and has over 30 years of corporate management experience. He formerly worked with ICI Pakistan Limited for 21 years, which also included 2 years of secondment with ICI Malaysia Holdings. In addition to being the Human Resource Director at Atlas Group, he is also the Group Executive Committee Member and oversees the operations of its two companies in the automotive sector.

Mr. Makki is a certified trainer and has over the years conducted several organizational development programs. He has also attended executive development programs at Harvard Business School, U.S.A. and Ashridge College in the U.K. He is on the Board of Governors of Pakistan Society for Training and Development to pursue his aim to build leadership competencies in business executives.

Mr. Kamal A. Chinoy

Director

Mr. Kamal A. Chinoy is a graduate of the Wharton School, University of Pennsylvania, USA. He is the Honorary Consul General of the Republic of Cyprus. Mr. Kamal is a member of the executive committee of the International Chamber of Commerce (ICC), Pakistan and is also the Past President of the Management Association of Pakistan (MAP). He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

He has served as the Chairman of the Aga Khan Foundation (Pakistan) and also as a Director of Pakistan Centre of Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance & First International Investment Bank (now IGI Bank). Currently he is Chairman of Jubilee Life Insurance Co. Ltd. and Director of Pakistan Cables Ltd., Atlas Battery Ltd., NBP Fullerton Asset Management Ltd., International Industries Ltd., International Steels Ltd., ICI Pakistan Ltd., and a member of Board of Governors of Army Burn Hall Institutions. He is an advisor to Tharpak, a consortium of international companies bidding to explore Thar coal using Clean Coal technology.

Mr. Makio Tanaka

Director

Mr. Makio Tanaka had been incharge of the Production Engineering Division of GS Yuasa Manufacturing before being appointed to Pakistan as Technical Advisor in July 2009. He has expertise in developing battery production system, quality improvement of the battery for Automobile, Motorcycle and VRLA (portable and UPS). He has experience of working at other GS Yuasa Group Companies in China, Taiwan and Indonesia.

Mr. Omar Saeed

Director

Mr. Omar Saeed is the Chief Executive of Service Industries Limited, a leading manufacturing company listed on KSE. He is also the founder and Chairman of Ovex Technologies and sits on the Boards of System Limited, Speed (Private) Limited and The Bank of Punjab. He teaches Entrepreneurship at LUMS where he is an adjunct faculty member. Mr. Omar got his BA from Brown University and MBA from Harvard Business School, and currently serves as the Area Chair of Brown University.

Mr. Ali H. Shirazi

President / Chief Executive

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is member of the Group Executive Committee, responsible for Group's financial services. He is on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Insurance Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), National Clearing Company of Pakistan Limited, National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.

Major Events during the Year

August 2013

- Meeting of Board of Directors was held in which the audited annual accounts for the year ended June 30, 2013 were approved and has recommended a Final Cash Dividend @ 100% and Bonus Shares @ 20% for the year ended June 30, 2013.
- Awarded the 'Management Excellence Award' by the Management Association of Pakistan.



September 2013

- Annual General Meeting was held where audited annual financial statements, cash dividend and stock dividend for the year ended June 30, 2013 were approved by shareholders along with appointment of external auditors, M/s. Hameed Chaudhri & Co. for the year ending June 30, 2014.

- Three associates attended 15th Asian Conference held in Singapore.



October 2013

- Meeting of Board of Directors was held and the quarterly accounts for the quarter ended September 30, 2013 were approved.

November 2013

- Family function and long service award ceremony was held at Expo Centre, Karachi. Chairman AGC was the Chief Guest of the event.

January 2014

- ABL won KSE Top 25 Companies Award for the year 2012, being ranked 16th as compared to 25th in year 2011.



February 2014

- Meeting of Board of Directors was held and half yearly accounts for the half year ended December 31, 2013 were approved.
- Three associates of ABL completed their Atlas IBA Diploma.

March 2014

- Atlas IBA Diploma teams presented their reports related to ABL to MC and shop incharges / foremen. Faculty member IBA also attended the presentation.

April 2014

- Meeting of Board of Directors was held and quarterly accounts for the period ended March 31, 2014 were approved.

May 2014

- Extra Ordinary General Meeting of shareholders was held where directors were elected for next 3 years.

June 2014

- Meeting of Board of Directors was held and the annual budget 2014-15 was approved.



Business Model

We act legally and ethically to create trust amongst all stakeholders to ensure sustainable business success. Our focus is on vision, mission and culture. Continuous attention to our code of conduct and defined systems helps us set behavioral expectations for our associates and our business partners so that we can maintain focus as we anticipate upcoming challenges in our evolving business environment.

Atlas Culture

- Corporate Governance
- Respect, Recognition and Reward (3Rs)
- Recruitment and career advancement based on integrity, merit, experience and skills
- Education and training of staff and descendants
- Self reliance
- Leading by example
- Humility and excellence
- Living with one's means, saving for the future and donating for good cause
- To be happy and healthy

Atlas Systems

- Management by Objectives (MBO) to align activities agreed company goals
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared Values) for the Company
- Inducting and retaining competent and skilled staff - right man for the right job
- Using BCG model for strategic direction
- Creating value through implementation of internal controls (SOPs and policy manuals)
- Management development to produce performers, organization builders and strategists
- Active participation in management meetings for continuous performance improvement
- Ensuring accuracy and control performance improvement
- Ensuring accuracy and control of information / data through efficient MIS
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention

Strengthen customer relationships

Many customers want long-term cooperation around total solutions to execute their work as efficiently as possible for maximum reliability.

When customers choose a supplier of battery, the offering of supplementary services combined with excellent products is a crucial factor.



Develop and increase interface with customers

The majority of our customers are companies and dealers within the transportation or gensets industries. The reliability and productivity of the products are important and in many cases crucial integral to the customers' business operations. A competent and professional dealer and service network is of vital importance for the Company.

The goal is for the Company to be regarded as number one in customer satisfaction, in terms of both products and services.

A high-performing organization - committed associates

The Company's vision is to become a leading innovative organization, manufacturing and marketing superior quality automotive, motorcycle and industrial batteries for domestic and international markets. A deciding factor in fulfilling this vision is our associates and their knowledge and skills. The Company is committed to promoting a vibrant economy sustained by quality education. Our support to educational initiatives stems from the idea of strengthening individuals, families and ultimately society through better provision of education.



Attracting and retaining competence

The Company's ambition is to offer interesting opportunities and unique company culture that help us attract and retain the best people. By engaging associates, who are willing to take an active part in the Company's development and future, the Company will succeed in pursuing its strategies.

Academic Partner Program

The Company is involved in a comprehensive series of programs with academic institutions to educate and train associates. One such example is the Diploma Program conducted by Institute of Business Administration (IBA) exclusively for Atlas Group associates.

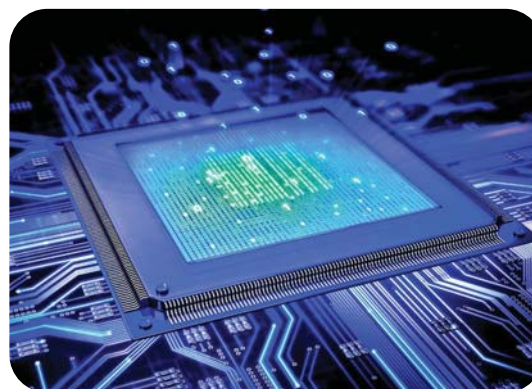
The cooperation with universities is also important for creating relationships with students and potential associates to secure access to future competence.

Developing talents

Every manager is responsible for assessing and developing talent in the organization. It provides the Company with a structured approach to nurturing talent for management and leadership roles.

State of Art Information Technology Infrastructure

In this "information age", information technology has become a part of our everyday lives, which has a great impact on our society and businesses needs. We are committed to using information technology to enhance our business processes and provide a platform for efficient decision making. This includes innovations and improvements in core business processes (manufacturing and assembly lines) and non-core business processes (supply chain, finance, etc). Our approach is to stay updated with the changes in information technology by maintaining a state of art information technology infrastructure. We are also aligning business and IT in order to fully benefit in a significant and persistent way from data management through ERP. Further, we are focused on **B-2-C (Business to Customer)** system, **Business Continuity Plan (BCP)**, **Business Process Re-engineering (BRP)** and **B-2-B (Business to Business)**.



Financial Highlights



Superior Performance for Cars

GR-46

This battery has 9 plates in each of its 6 cells and a right polarity.
It is used by the following brands: Suzuki Van/Pickups & Subaru
Van/Pickups 600cc - 800cc (old models also)

GL-46

This battery has 9 plates in each of its 6 cells and a left polarity.
It is used by the following brands: Suzuki Van/Pickups,
Subaru Van/Pickups & Charade Patrol 600cc - 800cc

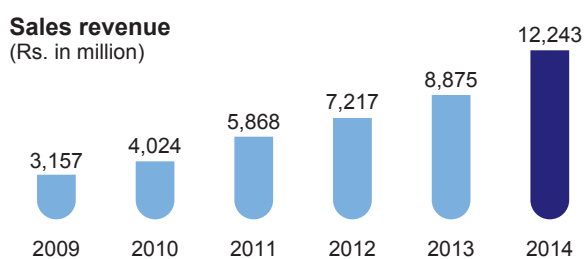


Financial Highlights

Sales	12,242,719	8,875,114	37.9%	+
Gross Profit	1,621,558	1,315,488	23.3%	+
Operating Profit	1,148,793	884,014	30.0%	+
Profit before Tax	1,022,768	824,068	24.1%	+
Profit after Tax	741,150	582,886	27.2%	+
Earnings Per Share - Basic & Diluted (Rupees)	42.60	33.50	27.2%	+
Shareholders' Equity	2,384,566	1,789,742	33.2%	+
Property, Plant & Equipment - Net of Revaluation Reserve	1,242,919	982,068	26.6%	+
Book value per share	137.1	123.4	11.1%	+

----- (Rupees in ₹000) -----				
	2014	2013	%	+
Sales	12,242,719	8,875,114	37.9%	+
Gross Profit	1,621,558	1,315,488	23.3%	+
Operating Profit	1,148,793	884,014	30.0%	+
Profit before Tax	1,022,768	824,068	24.1%	+
Profit after Tax	741,150	582,886	27.2%	+
Earnings Per Share - Basic & Diluted (Rupees)	42.60	33.50	27.2%	+
Shareholders' Equity	2,384,566	1,789,742	33.2%	+
Property, Plant & Equipment - Net of Revaluation Reserve	1,242,919	982,068	26.6%	+
Book value per share	137.1	123.4	11.1%	+

Business Growth

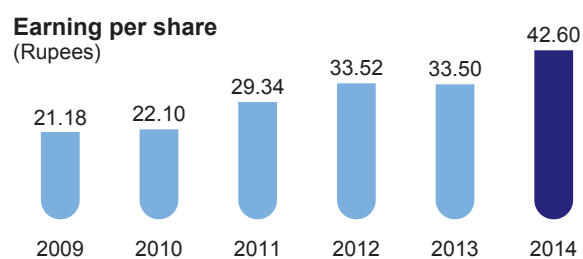


Sales revenue growth

37.9%
Over 2013

29.2%
CAGR over 6 years

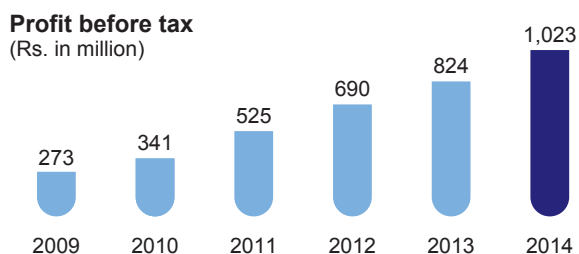
Shareholder Value Accretion



Earning per share growth

27.2%
Over 2013

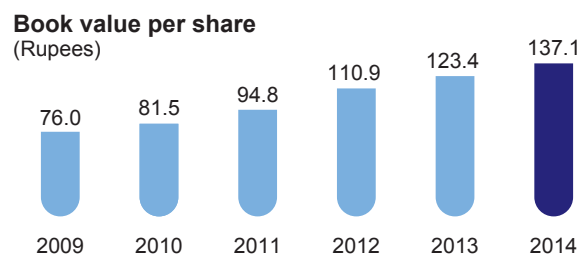
18.6%
CAGR over 6 years



Profit before tax growth

24.1%
Over 2013

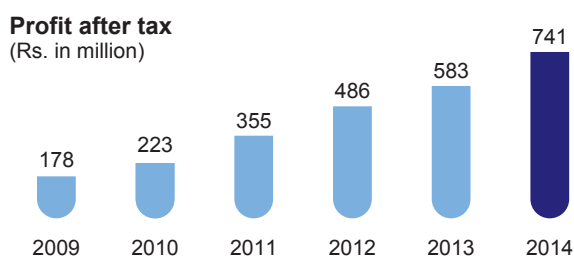
35.7%
CAGR over 6 years



Book value per share growth

11.1%
Over 2013

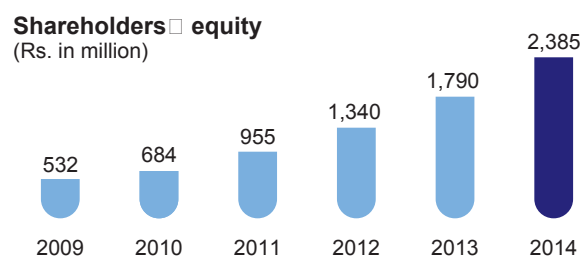
15.4%
CAGR over 6 years



Profit after tax growth

27.1%
Over 2013

38.7%
CAGR over 6 years



Shareholders' equity per share growth

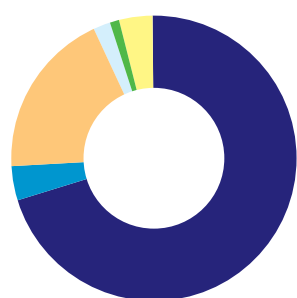
33.2%
Over 2013

34.3%
CAGR over 6 years

Statement of Value Addition

	(Year ended June 30)			
	2014		2013	
	(Rs. in ₹000)	% age	(Rs. in '000)	% age
Wealth Generated:				
Sales including Sales Tax	14,660,936	99.3	10,346,521	99.2
Other Operating Income	109,220	0.7	86,309	0.8
	<u>14,770,156</u>	<u>100.0</u>	<u>10,432,830</u>	<u>100.0</u>
Wealth distributed:				
Cost of Material & Services	10,367,861	70.1	7,380,643	70.7
To Employees				
Salaries & other related costs	592,972	4.0	509,805	4.9
To Government				
Taxes	2,725,507	18.5	1,722,634	16.5
Workers' Profit Participation Fund	54,929	0.4	44,194	0.4
Workers' Welfare Fund	20,872	0.1	16,794	0.2
	<u>2,801,308</u>	<u>19.0</u>	<u>1,783,622</u>	<u>17.1</u>
To Providers of Capital				
Dividend to Shareholders	144,998	1.0	120,832	1.2
Finance Cost	126,025	0.9	59,946	0.6
	<u>271,023</u>	<u>1.9</u>	<u>180,778</u>	<u>1.8</u>
To Society				
Donation	8,229	0.1	6,897	0.1
Retained in the Business				
For replacement of Fixed Assets:				
Depreciation & Amortization	132,612	0.9	109,031	1.0
To provide for Growth: Retained Profit	596,151	4.0	462,054	4.4
	<u>728,763</u>	<u>4.9</u>	<u>571,085</u>	<u>5.4</u>
	<u>14,770,156</u>	<u>100.0</u>	<u>10,432,830</u>	<u>100.0</u>

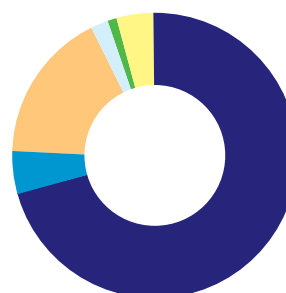
June 30, 2014



- Cost of Materials & Services (70.1%)
- To Employees (4.0%)
- To Government (19.0%)
- To Providers of Capital (1.9%)
- To Society (0.1%)
- Depreciation & Amortization (0.9%)
- Retained Profit (4.0%)

June 30, 2013

- Cost of Materials & Services (70.7%)
- To Employees (4.9%)
- To Government (17.1%)
- To Providers of Capital (1.8%)
- To Society (0.1%)
- Depreciation & Amortization (1.0%)
- Retained Profit (4.4%)



Analysis of Financial Statements

Balance Sheet

(Rupees in '000)

PARTICULARS	2014	2013	2012	2011	2010	2009
Non Current Assets						
Property, plant and equipment	1,416,705	1,155,854	1,127,859	900,503	756,339	635,294
Intangible assets	1,117	1,736	-	6,129	-	-
Investments	-	-	-	-	-	-
Long term deposits	13,916	10,555	6,832	517	517	2,439
Long term loans	1,227	657	719	605	270	-
Total non current assets	1,432,965	1,168,802	1,135,410	907,754	757,126	637,733
Current Assets						
Stores, spares and loose tools	88,665	57,818	43,594	30,933	22,413	14,122
Stock-in-trade	2,551,256	1,477,258	811,490	717,004	531,597	434,594
Trade debts	142,345	79,987	112,423	89,625	100,396	88,521
Loans and advances	25,875	3,497	2,682	2,884	2,350	2,381
Deposits and prepayments	6,416	6,446	5,138	4,847	5,928	7,025
Investments	824,925	711,544	436,291	204,863	26,224	6,132
Accrued mark-up	-	-	-	-	195	14
Other receivables	11,398	4,121	7,023	2,317	-	1,952
Sales tax - net	-	-	-	-	31,050	5,065
Taxation - net	237,060	94,615	29,481	26,488	6,792	-
Cash and bank balances	6,089	33,055	48,191	93,952	29,869	28,892
Total current assets	3,894,029	2,468,341	1,496,313	1,172,913	756,814	588,698
Total Assets	5,326,994	3,637,143	2,631,723	2,080,667	1,513,940	1,226,431
Equity and Liabilities						
Share Capital and Reserves						
Share capital	173,998	144,998	120,832	100,693	83,911	69,926
Reserves	1,477,500	1,067,500	727,500	497,500	375,500	282,500
Unappropriated profit	733,068	577,244	478,606	356,552	224,743	179,120
	2,384,566	1,789,742	1,326,938	954,745	684,154	531,546
Surplus on revaluation of leasehold land	173,786	173,786	173,786	173,786	173,786	173,786
Non Current Liabilities						
Staff retirement benefits	49,741	45,825	40,928	35,411	30,232	21,188
Deferred taxation	161,015	146,945	131,123	103,000	81,014	64,439
	210,756	192,770	172,051	138,411	111,246	85,627
Current Liabilities						
Trade and other payables	860,347	799,556	514,863	356,874	364,955	326,767
Sales tax payable - net	55,319	53,488	21,066	3,908	-	-
Special exise duty payable - net	-	-	-	13,023	3,956	2,559
Accrued mark-up	19,729	11,110	7,810	5,222	1,245	1,603
Short term borrowings	1,622,491	616,691	415,209	434,698	174,598	103,616
Provision for taxation - net	-	-	-	-	-	927
Total current liabilities	2,557,886	1,480,845	958,948	813,725	544,754	435,472
Total Equity and Liabilities	5,326,994	3,637,143	2,631,723	2,080,667	1,513,940	1,226,431

Analysis of Financial Statements

Balance Sheet

PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2014	2013	2012	2011	2010	2009	2014/ 2012	2013/ 2012	2012/ 2011	2011/ 2010	2010/ 2009
	----- Percentage -----						----- Percentage -----				
Non Current Assets											
Property, plant and equipment	26.6	31.8	42.9	43.3	50.0	51.8	22.6	2.5	25.2	19.1	19.1
Intangible assets	-	-	-	0.3	-	-	(35.7)	100.0	(100.0)	100.0	-
Long term deposits	0.3	0.3	0.3	-	-	0.2	31.8	54.5	1,221.5	-	(78.8)
Long term loans	-	-	-	-	-	-	86.8	(8.6)	18.8	124.1	100.0
Total non current assets	26.9	32.1	43.2	43.6	50.0	52.0	22.6	2.9	25.1	19.9	18.7
Current Assets											
Stores, spares and loose tools	1.7	1.6	1.7	1.5	1.5	1.2	53.4	32.6	40.9	38.0	58.7
Stock-in-trade	47.9	40.6	30.8	34.5	35.1	35.4	72.7	82.0	13.2	34.9	22.3
Trade debts	2.7	2.2	4.3	4.3	6.6	7.2	78.0	(28.9)	25.4	(10.7)	13.4
Loans and advances	0.5	0.1	0.1	0.1	0.2	0.2	639.9	30.4	(7.0)	22.7	(1.3)
Deposits and prepayments	0.1	0.2	0.2	0.2	0.4	0.6	(0.5)	25.5	6.0	(18.2)	(15.6)
Investments	15.5	19.6	16.6	9.8	1.7	0.5	15.9	63.1	113.0	681.2	327.7
Accrued mark-up	-	-	-	-	-	-	-	-	-	(100.0)	1,292.9
Other receivables	0.2	0.1	0.3	0.1	-	0.2	176.6	(41.3)	203.1	100.0	(100.0)
Sales tax - net	-	-	-	-	2.1	0.4	-	-	-	(100.0)	513.0
Taxation - net	4.5	2.6	1.1	1.3	0.4	-	150.6	220.9	11.3	290.0	100.0
Cash and bank balances	-	0.9	1.7	4.6	2.0	2.3	(81.6)	(31.4)	(48.7)	214.5	3.4
Total current assets	73.1	67.9	56.8	56.4	50.0	48.0	57.8	65.0	27.6	55.0	28.6
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0	46.5	38.2	26.5	37.4	23.4
Equity and Liabilities											
Share Capital and Reserves											
Share capital	3.3	4.0	4.6	4.8	5.5	5.7	20.0	20.0	20.0	20.0	20.0
Reserves	27.7	29.3	27.6	23.9	24.8	23.0	38.4	46.7	46.2	32.5	32.9
Unappropriated profit	13.8	15.9	18.2	17.1	14.8	14.6	27.0	20.6	34.2	58.6	25.5
	44.8	49.2	50.4	45.8	45.1	43.3	33.2	34.9	39.0	39.6	28.7
Surplus on revaluation of leasehold land	3.3	4.8	6.6	8.4	11.5	14.2	-	-	-	-	-
Non Current Liabilities											
Staff retirement benefits	0.9	1.3	1.6	1.7	2.0	1.7	8.5	12.0	15.6	17.1	42.7
Deferred taxation	3.0	4.0	5.0	5.0	5.4	5.3	9.6	12.1	27.3	27.1	25.7
	3.9	5.3	6.6	6.7	7.4	7.0	9.3	12.0	24.3	24.4	29.9
Current Liabilities											
Trade and other payables	16.1	21.9	19.5	17.1	24.1	26.7	7.6	55.3	44.3	(2.2)	11.7
Sales tax payable - net	1.0	1.5	0.8	0.2	-	-	3.4	153.9	439.0	100.0	-
Special excise duty payable - net	-	-	-	0.6	0.3	0.2	-	-	(100.0)	229.2	54.6
Accrued mark-up	0.4	0.3	0.3	0.3	0.1	0.1	77.6	42.3	49.6	319.4	(22.3)
Short term borrowings	30.5	17.0	15.8	20.9	11.5	8.4	163.1	48.5	(4.5)	149.0	68.5
Provision for taxation - net	-	-	-	-	-	0.1	-	-	-	-	(100.0)
Total current liabilities	48.0	40.7	36.4	39.1	36.0	35.5	72.7	54.4	17.8	49.4	25.1
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0	46.5	38.2	26.5	37.4	23.4

Comments on Six Year's Balance Sheet

Property, Plant and Equipment

Increase in property, plant and equipment over the years is mainly due to gradual capacity expansion to meet the demand of the batteries.

Stock-in-trade

The increase in stock-in-trade is in line with increase in cost of goods sold over the years. The increased production capacity over the years has lead to the demand of raw materials.

Investments

The rise in investments is a strategic decision to invest excess cash flows with long term perspective to earn differential returns. The high rate of return and stability has lead to increase in investments in mutual funds.

Taxation

The contribution to national exchequer has sizably increased over the years as a result of increase in sales and imports. The current taxation charge over the years has increased in line with increase in profits over last six years.

Trade and other payables

The change in Company's policy to have zero credit limits and sell only on cash has increased the customers' advances and balances over the years which resultantly have increased trade and other payables.

Analysis of Financial Statements

Profit and Loss Account

(Rupees in '000)

PARTICULARS	2014	2013	2012	2011	2010	2009
Sales	12,242,719	8,875,114	7,217,116	5,868,260	4,024,422	3,156,807
Cost of sales	(10,621,161)	(7,559,626)	(6,049,434)	(5,007,421)	(3,433,222)	(2,626,740)
Gross profit	1,621,558	1,315,488	1,167,682	860,839	591,200	530,067
Distribution cost	(292,373)	(235,264)	(186,367)	(165,053)	(128,861)	(124,359)
Administrative expenses	(189,754)	(190,538)	(151,495)	(99,679)	(80,548)	(70,549)
Other operating income	109,221	86,309	37,035	12,265	5,258	2,149
Other operating expenses	(99,859)	(91,981)	(107,310)	(45,756)	(25,903)	(20,891)
Profit from operations	1,148,793	884,014	759,545	562,616	361,146	316,417
Finance cost	(126,025)	(59,946)	(69,896)	(37,515)	(19,857)	(43,537)
Profit before tax	1,022,768	824,068	689,649	525,101	341,289	272,880
Taxation	(281,618)	(241,182)	(203,635)	(170,599)	(118,755)	(95,202)
Profit after tax	741,150	582,886	486,014	354,502	222,534	177,678

PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2014	2013	2012	2011	2010	2009	2014/ 2011	2013/ 2012	2012/ 2011	2011/ 2010	2010/ 2009
	----- Percentage -----						----- Percentage -----				
Sales	100.0	100.0	100.0	100.0	100.0	100.0	37.9	23.0	23.0	45.8	27.5
Cost of sales	(86.8)	(85.2)	(83.8)	(85.3)	(85.3)	(83.2)	40.5	25.0	20.8	45.9	30.7
Gross profit	13.2	14.8	16.2	14.7	14.7	16.8	23.3	12.7	35.6	45.6	11.5
Distribution cost	(2.4)	(2.7)	(2.6)	(2.8)	(3.2)	(3.9)	24.3	26.2	12.9	28.1	3.6
Administrative expenses	(1.5)	(2.1)	(2.1)	(1.7)	(2.0)	(2.2)	(0.4)	25.8	52.0	23.8	14.2
Other operating income	0.9	1.0	0.5	0.2	0.1	0.1	26.5	133.0	202.0	133.3	144.7
Other operating expenses	(0.8)	(1.0)	(1.5)	(0.8)	(0.6)	(0.7)	8.6	(14.3)	134.5	76.6	24.0
Profit from operations	9.4	10.0	10.5	9.6	9.0	10.1	30.0	16.4	35.0	55.8	14.1
Finance cost	(1.0)	(0.7)	(1.0)	(0.6)	(0.5)	(1.4)	110.2	(14.2)	86.3	88.9	(54.4)
Profit before tax	8.4	9.3	9.5	9.0	8.5	8.7	24.1	19.5	31.3	53.9	25.1
Taxation	(2.3)	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	16.8	18.4	19.4	43.7	24.7
Profit after tax	6.1	6.6	6.7	6.1	5.5	5.7	27.2	19.9	37.1	59.3	25.2

Comments on Six Year's Profit and Loss

Sales

Sales have accelerated mainly on account of improved demand in the replacement segment, both in locally manufactured and imported used cars categories. Further, the electricity shortage continued to fuel demand for heavy and medium sized batteries used in Uninterruptible Power Supply (UPS) units and generators which also contributed to increase in sales.

Gross Profit

During last six years, gross profit margin remained above 13% reflecting sales volumes increase and measures to control costs.

Distribution Cost and Administrative Expenses

Distribution cost and administrative expenses remained under control and were consistent with the proportion to the sales in last six years.

Profit After Taxation

Company's profit after taxation (PAT) is at its record high in absolute value and has been consistently growing over the last six years. Further, during the current year, PAT has increased by 27.2 % over last year, due to increased gross and operating profits.

Analysis of Financial Statements Cash Flow Statements

(Rupees in '000)

PARTICULARS	2014	2013	2012	2011	2010	2009
Cash flow from operating activities	(473,489)	253,691	606,775	280,876	190,487	406,363
Cash flow from investing activities	(418,344)	(352,630)	(533,888)	(394,042)	(191,437)	(165,688)
Cash flow from financing activities	864,867	499,012	(118,648)	177,249	1,927	(261,057)
Increase / (decrease) in cash & cash equivalents	(26,966)	400,073	(45,761)	64,083	977	(20,382)

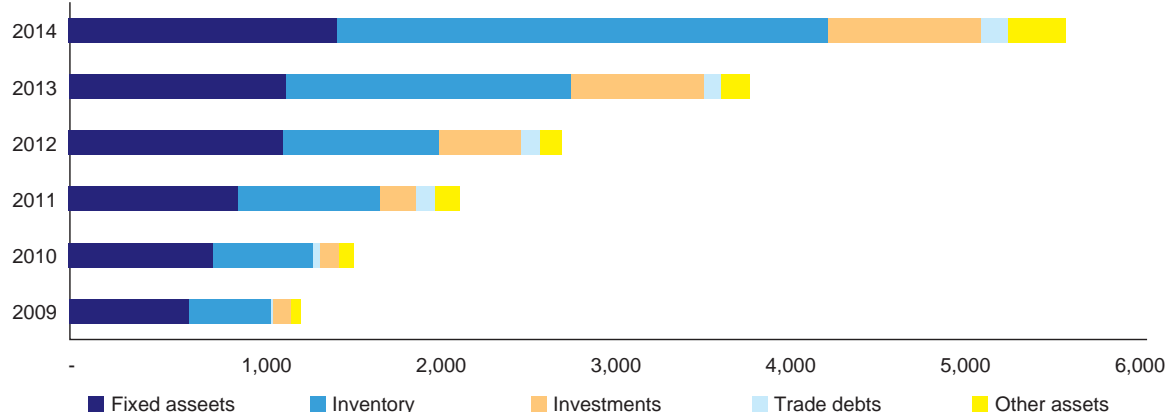
PARTICULARS	Vertical Analysis						Horizontal Analysis				
	2013	2012	2011	2010	2009	2008	2013/ 2012	2012/ 2011	2011/ 2010	2010/ 2009	2009/ 2008
	----- Percentage -----						----- Percentage -----				
Cash flow from operating activities	1,755.8	63.4	(1,326.0)	438.3	19,497.2	(1,993.7)	(286.6)	(58.2)	116.0	47.5	(53.1)
Cash flow from investing activities	1,551.4	(88.1)	1,166.7	(614.9)	(19,594.4)	812.9	(18.6)	34.0	(35.5)	(105.8)	(15.5)
Cash flow from financing activities	(3,207.2)	124.7	259.3	276.6	197.2	1,280.8	73.3	520.6	(166.9)	9,098.2	100.7
Increase / (decrease) in cash & cash equivalents	100.0	100.0	100.0	100.0	100.0	100.0	(106.7)	974.3	(171.4)	6,459.2	104.8

Balance Sheet and Profit & Loss Account Analysis

Balance Sheet Analysis

(Rs. in million)

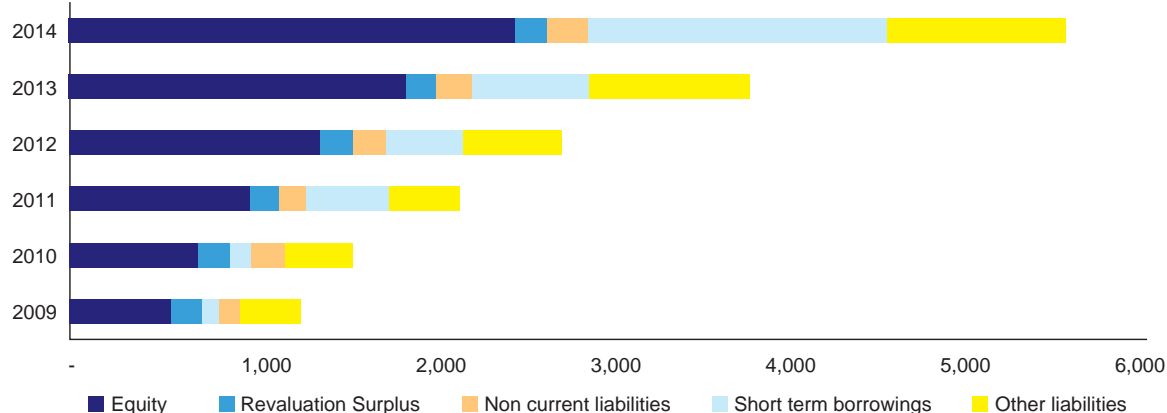
(Assets)



Balance Sheet Analysis

(Rs. in million)

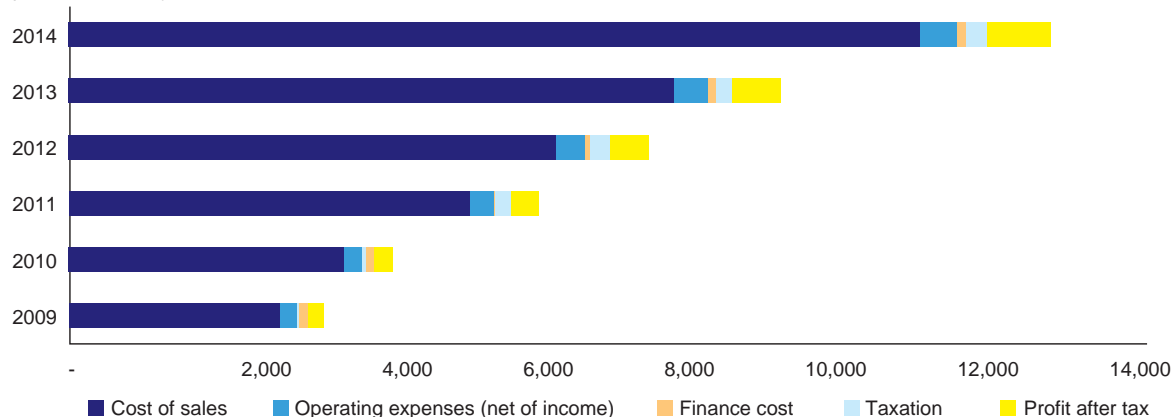
(Equity & Liabilities)



Profit and Loss Analysis

(Rs. in million)

(Expenses and PAT)



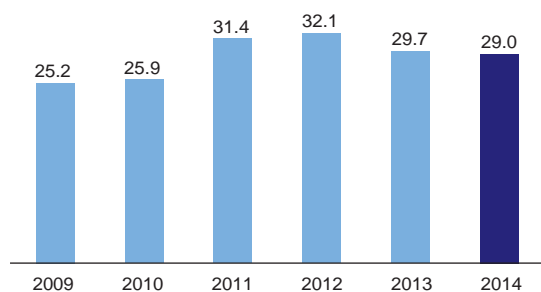
Six Years at a Glance

(Rupees in '000)

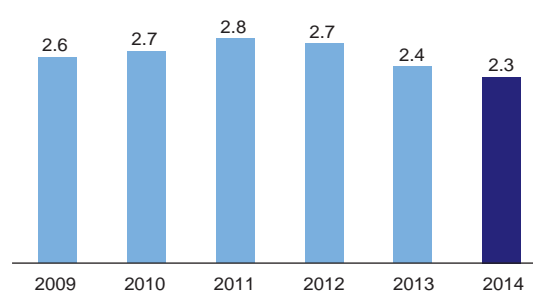
YEARS		2014	2013	2012	2011	2010	2009
Profitability Ratios							
Gross profit	(%)	13.2	14.8	16.2	14.7	14.7	16.8
Profit before tax	(%)	8.4	9.3	9.5	9.0	8.5	8.7
Profit after tax	(%)	6.1	6.6	6.7	6.1	5.5	5.7
Return on capital employed	(%)	41.5	41.0	44.9	44.4	37.3	40.0
Earnings before interest, tax, depreciation & amortization (EBITDA)	(Rs. in million)	1,257.7	993.0	856.0	636.7	415.3	359.5
EBITDA Margin	(%)	10.3	11.2	11.9	10.8	10.3	11.4
Return to Shareholders							
Return on equity - before tax	(%)	42.9	46.0	51.5	55.0	49.9	51.3
Return on equity - after tax	(%)	29.0	29.7	32.1	31.4	25.9	25.2
Return on assets	(%)	13.9	16.0	18.5	17.0	14.7	14.5
Earnings per share (basic)	(Rs.)	42.60	33.50	40.22	35.21	26.52	25.42
Earnings per share (diluted)	(Rs.)	42.60	33.50	33.52	29.34	22.10	21.18
Price earning ratio	(Times)	10.6	10.1	5.0	6.2	6.8	5.7
Market price - at year end	(Rs.)	450.0	338.0	201.7	217.0	181.0	144.0
Market price - during the period	(High - Rs.)	479.0	355.0	241.5	235.9	237.0	150.0
Market price - during the period	(Low - Rs.)	288.0	200.0	160.0	131.0	138.0	63.6
Break-up value per share without surplus on revaluation	(Rs.)	137.1	123.4	110.9	94.8	81.5	76.0
Break-up value per share with surplus on revaluation	(Rs.)	147.1	135.4	125.3	112.1	102.3	100.9
Dividend							
Cash dividend	(%)	100.0	100.0	100.0	100.0	100.0	100.0
Stock dividend	(%)	-	20.0	20.0	20.0	20.0	20.0
Dividend yield	(%)	2.2	3.6	5.9	5.5	6.6	8.3
Dividend cover	(Times)	4.3	2.8	3.4	2.9	2.2	2.1
Dividend pay out	(%)	23.5	35.8	29.8	34.1	45.2	47.2
Plough back ratio	(%)	76.5	64.2	70.2	65.9	54.8	52.8
Dividend yield (Cash)	(%)	2.2	3.0	5.0	4.6	5.5	6.9
Dividend cover (Cash)	(Times)	4.3	3.3	4.0	3.5	2.7	2.5
Dividend pay out (Cash)	(%)	23.5	29.9	24.9	28.4	37.7	39.3
Plough back ratio (Cash)	(%)	76.5	70.1	75.1	71.6	62.3	60.7
Asset Utilization							
Total assets turnover	(Times)	2.3	2.4	2.7	2.8	2.7	2.6
Fixed assets turnover	(Times)	9.5	7.8	7.1	7.1	5.8	5.5
Inventory turnover	(Times)	5.1	6.3	7.5	7.7	6.8	6.0
Trade debts turnover	(Times)	110.1	92.3	71.5	61.8	42.6	38.1
Trade creditors turnover	(Times)	12.0	11.0	13.6	13.5	9.8	10.2
Capital employed turnover	(Times)	5.0	4.6	4.9	5.2	4.6	4.4
Operating Cycle							
Inventory holding period	(No. of Days)	72.0	58.0	48.0	47.0	53.0	61.0
Trade debts collection period	(No. of Days)	3.0	4.0	5.0	6.0	9.0	10.0
Trade creditors payment period	(No. of Days)	(30.0)	(33.0)	(27.0)	(27.0)	(37.0)	(36.0)
Operating cycle	(No. of Days)	45.0	29.0	26.0	26.0	25.0	35.0
Liquidity / Leverage							
Current ratio	(Times)	1.5	1.7	1.6	1.4	1.4	1.4
Quick ratio	(Times)	0.5	0.6	0.7	0.5	0.4	0.3
Cash to current liabilities	(Times)	0.0	0.0	0.1	0.1	0.1	0.1
Cash flow from operations to sales	(%)	2.1	2.9	8.4	4.8	4.7	12.9
Financial leverage ratio	(Times)	0.7	0.3	0.3	0.5	0.3	0.2
Total liabilities to equity	(Times)	1.2	0.9	0.8	1.0	1.0	1.0
Interest coverage ratio	(Times)	9.1	14.8	10.9	15.0	18.2	7.3

Six Years at a Glance

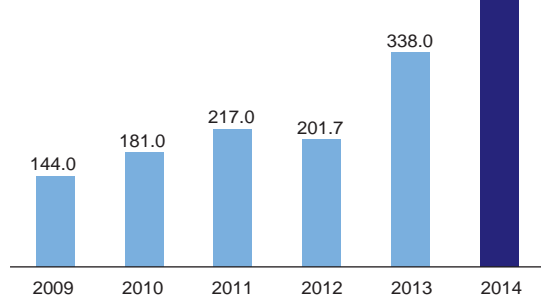
Return on equity - after tax
(Percentage)



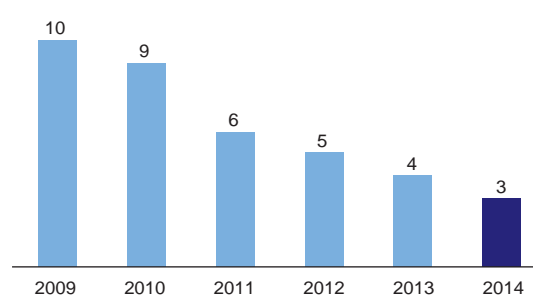
Total assets turnover
(Times)



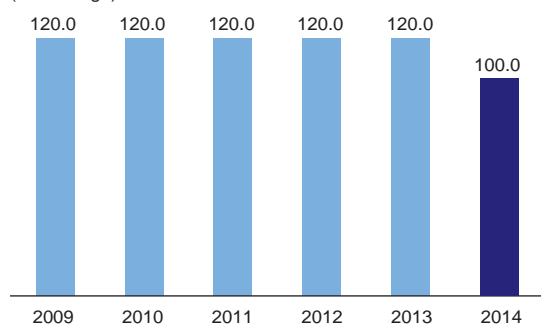
Market price - at year end
(Rupees)



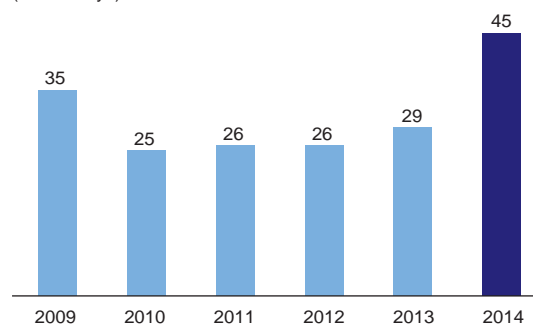
Trade debtors period
(No. of Days)



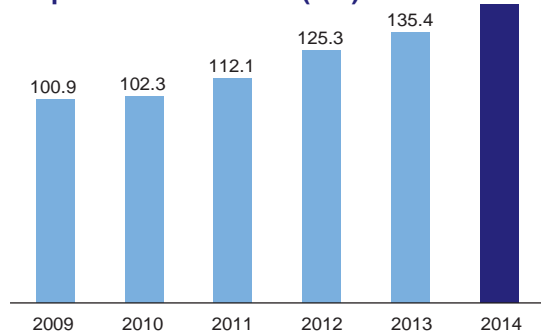
Cash & stock dividends
(Percentage)



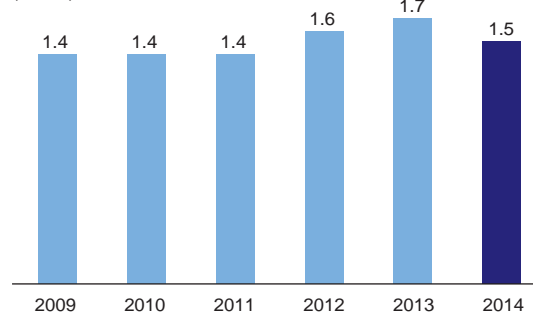
Operating Cycle
(No. of Days)



Break-up value per share with surplus on revaluation (Rs.)



Current ratio
(Times)



Comments on Ratios

Profitability

The Company posted highest gross profit in absolute terms. Gross profit declined as a percentage of revenue from 14.8% to 13.2%. Decline in gross profit margin was due to increased cost of raw materials, internationally and locally. After tax profits by the Company grew by 27.2% to Rs. 741 million from Rs. 583 million.

Return to shareholders

The earnings per share stood at Rs.42.60 per share as compared to Rs.33.50 per share last year. The increase was a result of increase in net profits. The performance also was reflected in the Company's share price which stood at Rs. 450 per share at year end as compared to Rs. 338 per share of last year.

Operating cycle

Operating cycle remained constant during majority of last six years. However, the current year witnessed a rise in operating cycle mainly due to increase in inventory holding period where inventory levels have gone up in line with increase cost of sales.

Share Price Sensitivity Analysis



Key Sensitivities

Company's financial performance has a positive correlation with its share price. Accordingly, factors that influence the Company's performance can also be reasonably expected to impact share price. Following are the factors prevailing in current business environment that management considers to be sensitive to the Company's performance and therefore can also affect its share price.

Demand of automobiles



Agriculture is the backbone of our country and employs a significant portion of population. The agriculture based rural areas forms a significant portion of motorcycle and heavy vehicles demand in country and leading to high demand of batteries. Therefore, the Company's performance is strongly linked with the performance of agriculture sector.

Also industrial sector serves Pakistan's economy with a sizeable base. In turn, the demand of heavy machineries and vehicles increases demand of batteries.

Demand of alternative sources of electricity



The ongoing crisis in electricity generation and distribution has prevailed throughout the country giving rise to alternative sources of electricity including generators, UPS, etc. This has lead to increase usage of batteries.

Law and order



Unstable law and order situation impacts disturbance and interruptions in business processes, transportation facilities and supply chain may affect the Company's performance.

Plant Operations



Stable plant operations allow for higher production and lower per unit cost and wastage. Therefore, smooth operations will add to profitability of the company which can positively affect share price. Issues at production facilities negatively affect the financial performance of the Company and therefore, may also affect the share price.

Exchange fluctuations



The Company is involved in imports of plant, machinery and raw materials. The Company's exposure in foreign currencies is sensitive to fluctuations in foreign currency. The depreciation in Pak Rupee affects the performance of Company which is countered by cost controls taken by the Company.

Dividend per Share



The consistently payout of dividends will reflect the expectations of investors and this affects share price.

Money Market Funds



Majority of the Company's liquid investments are in open-ended mutual funds. These funds heavily invest in money market instruments. The fluctuating trends in these markets determine the Net Asset Value of these funds and as a result, also affect the Company's financial performance and thereof the share price.

Economic Trends



The events surrounding a specific industry or company make investors watch various economic indicators and general trends that signal changes in the economy.

Investor Sentiment



Investor sentiment or confidence can cause the market to go up or down, which can cause stock prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- bull market - a strong stock market where stock prices are rising and investor confidence is growing. It's often tied to economic recovery or an economic boom, as well as investor optimism.
- bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high, with rising prices.

Significance

Low



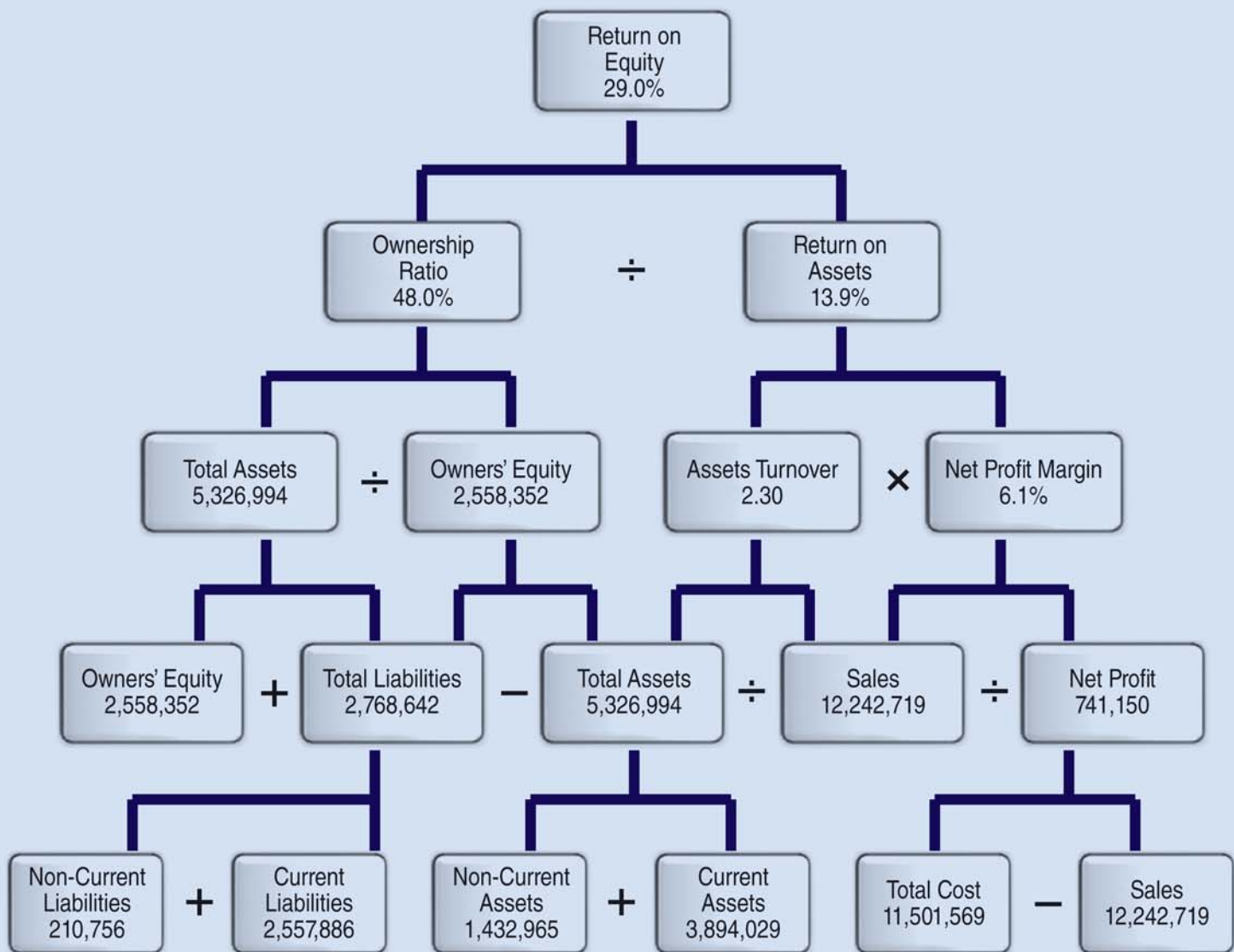
Moderate



High



Duo Pont Analysis



Quarterly Performance Analysis

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
	----- (Rupees in ₹000) -----				
Sales	2,383,618	2,892,187	3,355,857	3,611,057	12,242,719
Cost of sales	(2,021,397)	(2,492,426)	(2,920,971)	(3,186,367)	(10,621,161)
Gross profit	362,221	399,761	434,886	424,690	1,621,558
Distribution cost	(67,900)	(67,040)	(75,457)	(81,976)	(292,373)
Administrative expenses	(52,441)	(51,580)	(46,776)	(38,957)	(189,754)
Other operating income	21,390	25,161	29,869	32,801	109,221
Other operating expenses	(37,990)	(25,427)	(15,972)	(20,470)	(99,859)
Profit from operations	225,280	280,875	326,550	316,088	1,148,793
Finance cost	(22,659)	(33,327)	(40,033)	(30,006)	(126,025)
Profit before tax	202,621	247,548	286,517	286,082	1,022,768
Taxation	(49,246)	(72,062)	(90,242)	(67,218)	(281,618)
Profit after tax	153,375	175,486	196,275	218,864	741,150
Earnings per share - Basic	8.81	10.09	11.28	12.44	42.62

Quarterly Highlights

Sales

The sales remained consistent throughout the year as shown above. Sales were marginally lower in first half due to the seasonal variations and market sentiments.

Gross Profit

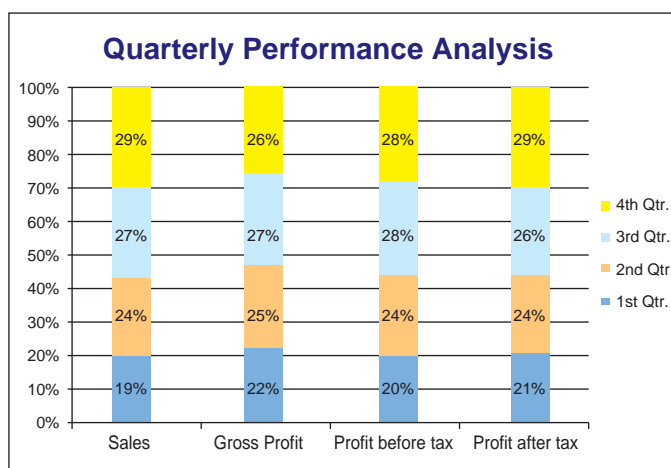
Gross profit as a percentage of sales almost remained consistent and was in line with sales. The gross profit remained in between 11.8% to 15.2% of sales.

Profit before Taxation

Profit before taxation was in line with gross profits. It depicted controlled expenditures and financial costs throughout the year.

Profit after Taxation

The Company managed to achieve record post tax profit of Rs. 741 million with PAT margin at 6.1%.



Corporate Governance



Strong Durability for LTV

GR-100

This battery has 15 plates in each of its 6 cells and a right polarity. It is used by the following brands: Toyota, Hi-Ace & Mercedes Benz

GL-100

This battery has 15 plates in each of its 6 cells and a left polarity. It is used by the following brands: Toyota, Hi-Ace & Mercedes Benz

N-125

This battery has 17 plates in each of its 6 cells and a left polarity. It is used by the following brands: Toyota, Hi-Ace & Mercedes Benz



Code of Conduct



Standard of Conduct

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

Human Capital

Atlas Battery Limited is committed to create the 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 safe and healthy working conditions for all employees. We will 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 will maintain good communications with employees through company based information and consultation procedures.

Consumers

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

Shareholders

Atlas Battery Limited will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

Business Partners

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

Innovation

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

Business Integrity

Atlas Battery 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 Battery 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 business success. The Board of Directors of Atlas Battery Limited is responsible for ensuring that these 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.

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by Audit Committee of the Board.

Any breach of the Code must be reported in accordance with the procedures specified by the management.

The Board of Atlas Battery Limited expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.

Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

Chairman's Review

I am pleased to present to you the 48th Annual Report of your Company for the year ended June 30, 2014 together with the Auditors' Report.

THE ECONOMY

Almost all major economic indicators for the Pakistan economy have moved in the desired direction over the past few months. The GDP growth accelerated to 4.1% in 2013-14 against the growth of 3.7% recorded in the same period last year. The growth was based on different sectors namely agriculture, industry and services. Agriculture sector recorded a growth of 2.1% against the growth of 2.9% last year. The net decline in its growth was due to drop in cotton production due to extreme weather and a better output of rice, sugarcane, wheat and maize crops. Large Scale Manufacturing (LSM) sector has posted growth of 4.3% in fiscal year 2013-14 as compared to 3.9% growth in the corresponding period last year, owing to business-friendly policies of the incumbent government.

The government, contrary to all expectations, was able to reverse the Pak Rupee's earlier fall and stabilize it against the US dollar at around Rs.98. While, the foreign exchange reserve position has improved markedly with reserves currently standing at US\$ 14.3 billion compared with US\$ 11.0 billion at the end of FY2013. Exports during the current fiscal year reached over US\$ 25.2 billion witnessing a growth of 1.5% of US\$ 24.8 billion last year. Imports showed a growth of 3.8% at US\$ 41.7 billion as compared with US\$ 40.2 billion in the last year. Meanwhile, remittances grew by 13.6% during the year and recorded at US\$ 15.8 billion against US\$ 13.9 billion of last year.

The inflation rate measured by the CPI averaged at 8.6% against 7.7% in the comparable period of last year. Inflation remains the key objective of the monetary policy, however curbing it further will continue to remain a challenge.

The 3G-4G technologies will spur growth by enabling users to improve productivity and efficiency in their operations.

The uptrend in KSE-100 index was due to healthy corporate results and foreign investments at attractive valuations. The stock market touched the ever-highest level crossing 28,000 plus points, an extraordinary increase of 38% against last year.

REVIEW OF AUOMOBILE INDUSTRY

Current production levels of automotive industry are not indicative of actual demand, as import of cars rose significantly after the relaxation in import policy by the government. Resultantly, during the year 2013-14, auto industry did not perform well and was relatively on lower side compared with the preceding year. Sales of locally manufactured cars remained stagnant at 118,102 units as against 118,830 units sold in the year 2012-13. LCV segment increased by 14.0% to 18,786 units from 16,480 units of last year and tractors segment significantly declined by 33.6% as compared to last year. Trucks and buses had positive growth of 31.8% as compared to last year's decline of 18.2%. Sales of two and three wheelers (assemblers who are registered with PAMA) during 2013-14 remained lower with sales of 772,046 units as against 820,217 units during same period last year, down by 5.9%.

BATTERY INDUSTRY

The fundamentals of battery industry are very dynamic in Pakistan. Since last five decades, battery industry was dependent on growth of automobile population, which mainly required light and medium segment batteries. The persistent electricity shortage since last five years has significantly changed the demand pattern of batteries in Pakistan. This shortage has ignited the demand of heavy and medium sized batteries across the country as a back-up source for electricity. AGS has a distinction in this segment and the consumer prefers to buy AGS brand on the backdrop of good quality and after sales service. Battery industry in Pakistan is divided into two major segments; organized and un-organized sectors. The organized sector is meeting about 90% of the market demand; rest is being met by the un-organized sector and imports. Your Company has a major market share of the organized sector.

It's an honor to feel great pride in sharing with you that despite heightened competition and other unfavorable factors, "AGS" brand continues to be in high demand due to its unrivalled quality.

NEW PRODUCT AND AGS OUTREACH

Customer needs is our top priority which motivates us in improving our products and services accordingly. During the year, a new product was launched namely Electrolyte to improve the life of battery. Auto-electrician workshops and training camps were held all over the country to raise awareness about battery handling and care.

OPERATING PERFORMANCE

The year 2013-14 proved to be another successful year for the Company in terms of financial performance which ensures high hopes of growth in years to come. Highlighted below are the salient financial achievements for the year:

- Net sales increased by 37.9% to Rs.12.2 billion
- Profit after tax up 27.2% to Rs.741.2 million
- Earnings per share was Rs.42.60; up 27.2%
- Return on equity - 31.1%
- Assets turnover - 2.7 times

Net sales value of your Company increased by 37.9% to Rs.12.2 billion in 2013-14 from Rs.8.9 billion in 2012-13. Gross profit improved by 23.3% to Rs.1.6 billion as against Rs.1.3 billion last year; however, as a percentage of net sales revenue, it declined to 13.2% as against 14.8% in 2012-13. The decrease in gross profit ratio was due to increase in raw materials prices and higher cost of energy along with increase in other input costs.

Net sales
increase
37.9%

Operating expenses for the year increased by 13.2% to Rs.482.1 million from Rs.425.8 million of last year. The increase in freight and forwarding charges and advertisement charges were the main reason of increase in operating expenses. Other income of your Company increased significantly to Rs.109.2 million as compared to Rs.86.3 million during last year; mainly due to attractive return on investment in mutual funds. Resultantly, profit from operations of your Company increased to Rs.1,148.8 million, up 30.0% as compared to last year. Finance cost during the year was Rs.126.0 million as against Rs.59.9 million during last year, higher by 110.2% due to higher utilization of running finance facilities.

Your Company earned Rs.1,022.8 million profit before tax and after providing Rs.281.6 million for taxation, profit after tax was Rs.741.1 million during 2013-14, up 27.2% as against last year. Earnings improved to Rs.42.60 per share as against Rs.33.50 per share on diluted basis, an increase of Rs.9.10 per share over 2012-13. We succeeded by remaining faithful to our strategy of sustainable growth year after year.

Growth in
PAT
27.2%

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year under review, Company contributed Rs.2,801 million towards the National Exchequer on account of various government levies, taxes and import duties. Payment of these taxes is 3 times more than the net profit after tax of the Company which shows Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen. Together with other Atlas Group Companies, the total contribution to the exchequer is over Rs.29 billion, one of the highest in the country.

VALUE-CREATING CASHFLOWS

Your Company's cash flows reflect both earnings performance and improvements in capital efficiency with a strong focus and desire to be 100% cash rich and a debt free Company.

During the year, the operations of your Company used Rs.473.5 million as against last year cash generation of Rs.253.7 million. The decrease in cash flow from operations was primarily due to strategic investment of Rs.1,074.0 million in stock-in-trade keeping in view the scarcity and high prices of materials in international as well as local market. On net basis, additional Rs.1,139.4 million was invested in working capital as compared to previous year's Rs.331.3 million. In order to meet the growing market demand, your Company continued to invest in capacity expansion and invested Rs.400.6 million. Your Company also invested net amount of Rs.30.9 million in mutual funds to improve the bottom line. Your Company's impressive performance and solid balance sheet allowed us to increase dividends to shareholders by Rs.23.2 million, up 20% for the year 2013-14, with total cash distribution of Rs.140.9 million; the highest amount ever.

INFORMATION TECHNOLOGY

One of the most important pillars in business in the modern era is information technology. Your Company is committed to acquire and align with the developments in the field of information technology relevant to its business. Your Company is aligning business and IT in order to fully benefit in a significant and persistent way from data management through ERP. Further, your Company is focused on the following:

B-2-C (Business to Customer): B-2-C systems are used to design and manage customer relationships and capture every interaction a company has with a customer. Your company has connected 67 dealers of model shops already connected online through the B2C system. 20 more dealers will be connected to B2C system in year 2014-15 for better production planning and to improve the dealer's efficiency.

Business Continuity Plan (BCP): An efficient business risk management system is the key to successful business operations. During the year, we completed our formal Business Continuity Plan (BCP), which has been designed to ensure that the operations of the Company will continue and our employees will be protected in case of any disaster. Event detection, event notification, escalation, incident response plan, activation, risk mitigation, recovering and closing are eight steps included in our BCP. This process is designed to help our managers respond to any incident / disaster at our factory or any of regional offices in Pakistan. The established escalation process leverages our internal and external resources in a short time, and effectively minimizes the impact on our operations. In order to ensure this, we have instituted a Business Continuity Management process and conducted annual disaster recovery drills or tabletop exercises at many of our key sites.

Business Process Reengineering (BPR): Business process reengineering (BPR) is the analysis and redesign of workflows within and between enterprises in order to optimize end-to-end processes and automate non-value-added tasks. Your Company has redesigned business processes which had the significant impact on the improvements in cycle times, productivity, and smooth business functions as per world best practices. This project is helping in utilization of the ERP more effectively.

Business 2 Business (B2B): Your Company is in the process of connecting vendors and suppliers with your ERP system to have their stock position for smooth supplies. Your Company has planned to connect four vendors in 2014-15 with your business.

HUMAN RESOURCE DEVELOPMENT

Atlas Group Philosophy □ **Organization Development through Self Development** □ is based on 3R's - Recruit, Recognize and Reward. We work to foster a skilled and motivated workforce by investing in our employees, strengthening their technical and leadership skills and recognizing them for delivering results that cultivate success. Consistent with this value, we invest in our processes to recruit, develop and retain the best people.

We believe in maintaining a corporate culture that encourages creativity and independence. The Company has programs designed to recruit potential employees and offer them clear perspectives for their career development. The Company encourages job trainings to develop abilities of its associates. During the year, the Company conducted in-house and external trainings covering the areas of quality control, safety and health, leaderships and core management skill development. Altogether 29 personnel benefited from internal trainings, including 3 associates who completed the Atlas-IBA Diploma. While 143 personnel enhanced their skill set through external training programs, amounting to a total of 230 man days spent on training during the year. The Company also supports diversity and equal opportunities.

The HR department keeps track of various statistics about the employees' population to verify that our policies are implemented throughout the company. Atlas considers HR management systems to be a critical aspect of our strategic plan and central to our success as a business.

HEALTH, SAFETY AND ENVIRONMENT

The management of your Company is aware of its responsibility to provide a safe and healthy working environment to our associates and give this the highest priority. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. To this end, we have established "zero incidents and zero injuries" as our goal. Continual efforts for elimination of workplace hazards and provision of safe, healthy and comfortable working conditions for the employees are made. We follow-up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of

continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates.

FORWARD LOOKING STATEMENT

2014-15 is likely to be a mixed year with continued challenges in Pakistan, balanced by continued growth in battery market. We have initiated our capacity alignment program in a timely manner and this will help us in meeting the dynamic market demand in the year to come. At the backdrop of current economic scenario, we anticipate more challenges for the business environment in general and for your Company as well. The GDP growth rate for 2014-15 is targeted at 5.1%, an improved forecast from last year. Assistance from IMF will provide the short-term breath to the financial position of the Pakistan economy but will put pressure on Pak Rupee devaluation, interest rates and government borrowing to fill the fiscal deficit. Due to the expected upward adjustment in energy tariffs to curb the electricity shortage, there is a risk that average inflation for 2014-15 could exceed the announced target of 8.0% for the year. Foreign investors may show confidence in the new government as reflected through the bullish sentiment at the bourses.

Your Company is directly exposed to risks pertaining to fluctuation of major materials price in the international market as well as local market, depreciation of Pak Rupee against international currencies, hike in energy tariffs and inflationary pressure on other input costs. The surge in costs cannot be transferred to customers in full due to severe competition. However, the Management of your Company is determined to become more efficient through curbing costs, maintaining quality of product and service meanwhile also focusing on growth in sales for improved market penetration. This will result in substantial improvement in financial performance and growth of your Company. The emphasis will be on continuous improvement in human resource capabilities and value addition for shareholders. I am sure your Company will continue to focus on productivity while meeting customers' need with improved quality by following the principles of **□The Atlas Way□**:

خدا رحمت کند ایس عاشقان پاک طینت را
(God blesses the blissful)

ACKNOWLEDGEMENTS

It's an honor to have GS Yuasa International Limited, Japan as our joint venture partners and I would like to thank them for their continuous support and commitment. During the year, Mr. Talha Saad has resigned from the Board of your Company in the month of April 2014 due to his pre-occupations and was replaced by Mr. Ariful Islam. We would like to place on record the valuable contributions made by Mr. Talha Saad during his tenure as member of Board and Audit Committee. Mr. Ariful Islam is Deputy CEO of Meezan Bank Limited and has over 15 years of experience in the financial sector. He is a Chartered Accountant from The Institute of Chartered Accountants in England and Wales. We welcome him on the Board of Directors of your Company.

I thank the Board of Directors, shareholders, bankers, vendors and valued customers for their continuous trust and support. I would also like to thank Mr. Ali H. Shirazi; President / Chief Executive of your Company and his team for their dedication, hard work and sincerity of purposes in translating challenges into achievements.



Yusuf H. Shirazi
Chairman

Karachi: August 26, 2014

Directors' Report

The Directors of the Company take immense pleasure in presenting their report together with the Company's audited annual financial statements for the year ended June 30, 2014. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance will be put forward to the members at the Forty Eighth Annual General Meeting of the Company to be held on September 26, 2014.

	2014	2013
	----- (Rupees in ₹000) -----	
Operating Results		
Profit before tax	1,022,768	824,068
Provision for taxation:		
Current year	262,816	225,912
Prior year	4,078	(165)
Deferred	14,724	15,435
	281,618	241,182
Profit after taxation	741,150	582,113

Subsequent Appropriations

The directors have recommended a cash dividend of Rs. 10/- (2013: Rs.10/-) per share along with Nil (2013: 20%) bonus issue. Accordingly the following appropriations have been made:

Profit available for appropriation	733,068	588,849
Appropriations:		
Transferred to General Reserves	550,000	410,000
Proposed Dividend @ 100% (2013: 100%)	173,998	144,998
Reserve for issue of Bonus Shares @ Nil (2013: 20%)	-	29,000
	723,998	583,998
Unappropriated profit carried forward	9,070	4,851

Earnings Per Share

The basic earnings per share after tax is Rs.42.60 (2013: Rs.33.50 - diluted).

Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 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 Directors keenly take interest in the proper stewardship of the Company's affairs. The non-executive directors are independent of management of the Company.

During the year, Mr. Talha Saad resigned from the Board of the Company and Mr. Ariful Islam was nominated by the Board to fill casual vacancy.

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

Sr. No.	Name of Directors	Executive Director	Applicable No. of Meetings	Attendance	Number of Directorship in listed companies
1.	Mr. Yusuf H. Shirazi	No	5	5	4
2.	Mr. Ariful Islam (appointed on April 07, 2014)	No	2	2	2
3.	Mr. Bashir Makki	No	5	3	1
4.	Mr. Kamal A. Chinoy	No	5	5	6
5.	Mr. Makio Tanaka	No	5	4	1
6.	Mr. Omar Saeed	No	5	4	3
7.	Mr. Talha Saad (resigned on April 07, 2014)	Yes	3	3	-
8.	Mr. Ali H. Shirazi	Yes	5	5	2

Leave of absence was granted to those Directors who could not attend some of the Board meetings.

On May 20, 2014, the existing Directors stood retired and offered themselves for re-election. The Directors were re-elected in Extra Ordinary General Meeting held on May 20, 2014 for a period of next three years commencing from May 21, 2014.

Statement of Directors' Responsibilities

The strategic direction is reviewed by the Board regularly and sets overall objectives. In the light of those objectives, the Chief Executive sets annual plans and performance targets for business which are reviewed in total by the Board. The Board is dedicated to maintain the high standard of good corporate governance. The Company confirms compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the stock exchanges.

Following are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

The Corporate Governance Practices

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

Donation

The Company has a policy to donate 1% of its prior year's profit before tax to a charitable institution. During the year, Company has donated Rs.8.229 million to Atlas Foundation.

Contribution to National Exchequer

The Company contributed Rs.2,801.3 million towards the National Exchequer on account of various government levies, taxes and import duties in the year under review. Payment of these taxes is 3 times more than the net profit after tax of the Company and up 57% as against last year which shows Company's positive attitude towards economic development as a good responsible corporate citizen.

Code of Conduct

The underlying values of the Company's Code are to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights, fraud, etc. The Code guides interactions with all stakeholders, including consumers, suppliers, shareholders and partners.

The Board of Directors reviews Code annually and any changes therein are approved accordingly. The Board ensures that Code is disseminated to and understood and observed by all employees. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management. The Code is also available on the Company's website.

Audit Committee

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

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

Sr. No.	Name of Directors	Executive Director	Applicable No. of Meetings	Attendance
1.	Mr. Kamal A. Chinoy	No	4	4
2.	Mr. Omar Saeed (appointed on April 07, 2014)	No	1	-
3.	Mr. Bashir Makki	No	4	3
5.	Mr. Talha Saad (resigned on April 07, 2014)	Yes	3	3

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit. By invitation, Chief Executive Officer attended all the four meetings held during the year.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

During the year, four Human Resource and Remuneration Committee meeting were held.

Sr. No.	Name of Directors	Executive Director	Applicable No. of Meetings	Attendance
1.	Mr. Omar Saeed	No	4	3
2.	Mr. Ali H. Shirazi	Yes	4	4
3.	Mr. Bashir Makki	No	4	3

Management Committee

The Management Committee ensures that a proper system is developed and working that enable swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendations relating to business and other corporate affairs. It is responsible for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The Committee is organized on a functional basis and meets monthly to review the performance of each function against set targets.

Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members have the option to opt for either of two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective un-audited accounts as at June 30, 2014 is as follows:

	Rupees in Millions
- Provident Fund	170.5
- Gratuity Fund	38.9

Operating & Financial Data

Operating and financial data and key ratios of the Company for the last six years are annexed.

Safeguarding of Records

The Company places due emphasis for storage and safe custody of its financial records. The Company is using Oracle ERP system for recording its financial information. Access to electronic documentation has been ensured through implementation of a comprehensive password protected authorization matrix.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2014 is annexed.

The Directors, executives and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in pattern of shareholding.

Executives means Chief Executive, Chief Financial Officer, Head of Internal Audit, Company Secretary and other executives.

Statutory Auditor of the Company

The present Auditors, M/s. Hameed Chaudhri & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2015.

Communication

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

For and on behalf of the
BOARD OF DIRECTORS



Ali H. Shirazi
President / Chief Executive

Karachi: August 26, 2014

CEO Message on Sustainability

“To achieve sustainability, each of us should take the responsibility to trigger a change in our own behavior and capacity.”

We are pleased to present this Sustainability Review, setting out the broader contributions we have made to our markets and will continue to do so. The report is based on interviews and surveys conducted with various stakeholders and identification of issues that needs to be addressed. The data presented in this section is generated by various functional departments which is reviewed by the management and approved by the Board of Directors.

Our brand represents long-lasting quality, and our products help our customers operate more efficiently.

We need to challenge ourselves to make sure we always do the right thing and seek solutions that share benefit with the communities where we operate.

We also actively participate in key discussions between business, civil society and government to create solutions for sustainability challenges we face.

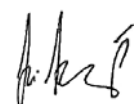
Yet regardless of the complexities that the world may face, solutions are as close as the limitless creativity and drive of the human spirit.

Corporate Social Responsibility

We are committed to Corporate Social Responsibility (CSR) and to integrating sound governance, economic and social practices into our day-to-day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria, but also in building customer satisfaction and employee engagement, and supporting the communities we serve.

We work closely with our customers and partners specifically GS Yuasa, Japan to anticipate change and transitions, to understand where the market is going and to innovate to solve their toughest business challenges.

Thank you for taking the time to review this report. We are pleased to share and welcome your feedback and involvement.



Ali H. Shirazi
President / Chief Executive

Karachi: August 26, 2014

Sustainability

APPROACH TO SUSTAINABILITY

The Company's framework is a product of the Atlas Group's fundamental business doctrine, the 'ATLAS WAY'. It comprises of the principles of □ATLAS CULTURE□ and □ATLAS SYSTEMS□. This is a set of rules and procedures which have sustained the test of time and has proved to be at the heart of the Company's success.

The principles of the 'ATLAS WAY' cover all departments, operations, activities and aspects of our business and provide ideal guidelines for their progressive development. It teaches us to pursue operational and financial results while maintaining environmental quality and social responsibility.

Atlas Culture

- Corporate Governance
- Respect, recognition and reward (3Rs)
- Recruitment and career advancement based on integrity, merit, experience and skills
- Education and training of staff and descendants
- Self reliance
- Leading by example
- Humility and excellence
- Living with one's means, saving for the future and donating for good cause
- To be happy and healthy

Atlas Systems

- Management by Objectives (MBO) to align activities agreed company goals
- Implementing 7S vision (Strategy, Structure, System, Style, Staff, Skills and Shared Values) for the Company
- Inducting and retaining competent and skilled staff - right man for the right job
- Using BCG model for strategic direction
- Creating value through implementation of internal controls (SOPs and policy manuals)
- Management development to produce performers, organization builders and strategists
- Active participation in management meetings for continuous performance improvement
- Ensuring accuracy and control performance improvement
- Ensuring accuracy and control of information / data through efficient MIS
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention

Environment

The Company's focus is to run efficient operations which consume less energy and fuel, produce less waste and reduce negative impacts of its business activities on the environment.

Material

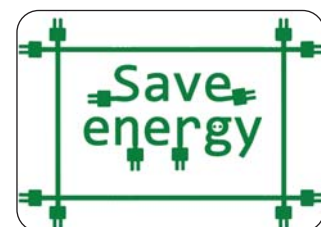
The Company has incorporated sustainable criteria into its research, procurement of raw materials and development of new formulae and applications. Materials having high impact on the environment are monitored in pursuance of the Company's environmental policy.

Energy

As a responsible corporate citizen, the Company is promoting the use of energy efficient products, creating awareness about reducing energy use in operations and producing electricity from cheaper alternative sources or reducing use of electricity. One such initiative was installation of LED lights at shop floors for energy conservation. Benefits include mitigating rapidly rising costs of fuel, shortage of electricity and the associated need to reduce green house gas emissions.

Water

The Company recognizes that water is an increasingly scarce and critical global resource. The Company is committed to reduce water usage by measuring, monitoring and managing its water use as a standard business practice. The Company is proactively implementing initiatives that conserve water or mitigate the effects of its use for business operations.



Biodiversity

The factory is located in industrial area, away from the protected areas with low biodiversity value. Despite the location, the Company recognizes the importance of biodiversity and its impact on nature. The Company makes continuous efforts to minimize the harmful impact of discharges and ensures safe disposal of emissions. Efforts for conservation of biodiversity are undertaken and initiatives are carried out.

Society

The Company is committed to serve society by building a better place to live and work through various initiatives. One such initiative was creating a green belt by clearing a landfill opposite the factory site of approximately 35,570 square feet, cultivation of plants and laying sweet earth.



Compliance of Environmental Legislation

The Company is committed to comply with environmental legislations applicable to all of its Company's products and operations. It maintains a system which identifies prevailing and new applicable environmental legislation and includes them to the audit checklists of respective departments as a guideline and for periodic review.

Financial Health

We aim to deliver the best batteries that are more sustainable than ever, both in how we make them and how they operate.

As our financial security strengthens, we are investing in future products, our people and our communities. In other words, the financial health of our Company has an impact not only on our business but our community at large.

People

We work to foster a skilled and motivated workforce by investing in our associates, strengthening their technical and leadership skills and recognizing them for delivering results that cultivate success.

We positively influence the lives of our associates and factory workers. We have to show respect to the people we work with, whether that is treating our associates fairly or making a contribution to the local communities where we operate.



Career Development

We are committed to maintain a corporate culture that encourages creativity and independence. The Company operates a career development management program in conjunction with the performance evaluation process for associates. All associates have one-on-one interview with their managers to establish a vision for personal development and a detailed training plan to achieve it. The Company also has a proper succession plan in place to identify and develop future leaders for the organization.

The Company has programs designed to recruit potential associates and offer them clear perspectives for their career development. Accordingly, the Company recruited seven graduates in different departments from reputed universities as Management Trainees (MTs).

Trainings

The Atlas Culture states that education and training of staff and descendants. The Company fosters the development of its associates' abilities through various means such as on the job training. During the year, the Company conducted in-house and external trainings covering the areas of quality control, safety and health, leaderships and core management skill development. Altogether 29 personnel benefited from internal trainings, including 3 associated who completed the Atlas-IBA Diploma, while 143 personnel enhanced their skills set through external training programs, amounting to a total of 230 man days spent on training during the year.

Human Rights

All our associates and contractors are required to respect the human rights of fellow workers and communities where we operate, as stated in our business culture. We focus on four areas across our activities where respect for human rights is particularly critical to the way we operate: labor conditions, communities, supply chains and security.

Workforce

The sustainable employability of our staff is a top priority for our Company. We wish to be, and remain, an attractive employer of a diverse group of associates who feel sufficiently challenged to pursue their personal development.

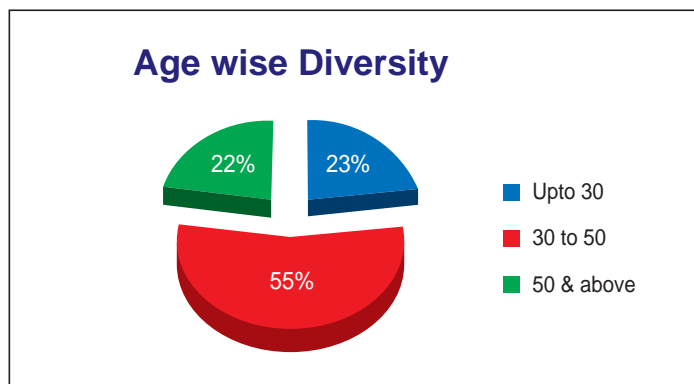
Our business is planned for the long term, which means we want to be a part of the community for decades to come. We help to develop local economies by creating jobs, sourcing from local suppliers, and paying taxes and royalties. We support community projects that are based on the needs of the local communities.

For several years, the Company has striven to educate its staff. This increases the quality of work and satisfaction with the jobs associates hold, and ensures long-term employability. Our staff tends to remain loyal to the organisation. There are 38 associates who are with the company for more than 25 years now and 98 associates for more than 10 years. In 2014, 6 associates celebrated their 25th anniversary with the Company, and 3 celebrated their 40th anniversary with the Company.

Supporting Diversity and Equal Opportunities

The Company offers its associates an inclusive working environment that respects any sexual orientation, skin color, gender, age or looks. To us, diversity and equal opportunities are more than just following the rules.

The age diversity as at June 30, 2014 is as follows:



Further, it has been a big challenge for the entire industry to attract women in numbers. The Atlas Group has a long-term ambition to increase the number of women in executive teams, while taking into account all other important diversity parameters.

Work Life Balance

The Company encourages associates to balance work and life. It has always promoted to follow the working hours and avoid unusual late sittings. Various events and activities were also organized for the said purpose which included annual family function and long service award ceremony.



Communication with labour

The Company tries to create a work environment that promotes associates' to work without fear of intimidation, reprisal or harassment. The associates' union rights are respected and they are allowed to join unions and engage in collective bargaining as permitted by applicable laws in the country.

Workplace Safety

In battery industry, ensuring high levels of workplace safety can be challenging, but it is nevertheless our number one workplace priority being a responsible corporate citizen.

We make continuous efforts to minimize workplace hazards and provide safe, healthy and comfortable working conditions for our associates. We believe that all injuries are preventable and can be avoided if due care is taken before hand. We have established "zero incidents and zero injuries" as our goal to achieve this.



We follow-up and investigate on all incidents and injuries to address their root causes. We ensure that 'close-calls' are reported so that we learn from these near misses and focus on improvement.

We aim to continuously improve the way we operate to prevent incidents and identify ways to mitigate adverse environmental and social impacts.

Technology and Innovation

Our commitment to technology and innovation continues to be at the core of our strategy and our engineering expertise is key to the growth of our business. As we move into increasingly challenging environments, we try using advanced technology with focus on automated and paperless environment.



Customer

Customer satisfaction

Customer satisfaction is our priority. Our focus on customer service and service levels continues to be an area for improvement. As a result, the number of complaints / claims remained in line with last year.

Dissemination of Information and Advertisements

All activities related to advertising and sales promotion are adhered to comply with the applicable laws as well as Atlas Battery's standards and code of conduct monitored in-house.

Tips for safety and battery maintenance is provided on Company's website.

Adherence to laws, standards and voluntary codes for communication

The Company is committed to the generally agreed ethical codes for marketing its products. When preparing marketing communication and advertising material, the legislative and regulatory compliance of the content is always checked and confirmed

before publication. The Company ensures that advertisements must be clear and simple, using language as close as possible to the one normally used by people communicating with each other.

Fines and sanctions

There have been no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

Prioritize Customer Needs

Customer needs is our top priority and helps us improving our products and services accordingly. Recently, two new products were launched namely Battery Tonic and Electrolyte.

Dealers' Network

We work hard on expanding our dealer network and in turn also focus on existing dealers / distributors by conducting auto electrician workshops, providing incentive schemes for improving their trade and B2C networking, etc.

Following activities were conducted during the year:

July 2013

- Dealers' meetings / iftar were held at Karachi, Hyderabad, Lahore, Rawalpindi and Faisalabad to appreciate their performance of 2012-13 and discuss plans of ABL for 2013-14.

August 2013

- Dealers' get-together and iftar party was arranged in Multan and Faisalabad.

September 2013

- Battery check-up campaign at DHA Sunday Bazaar.
- Dealers' get-together in Sukkur.
- Auto-electrician workshops in Sukkur, Larkana, Jacobabad and Umerkot.

October 2013

- Annual sales conference at Lahore was held on October 10, 2013.

November 2013

- Dealers' and auto-electricians' workshops were held in Faisalabad region.



December 2013

- Sponsorship of Pakwheels Auto Festival in Islamabad on January 01, 2014 and subsequent free battery check-up campaign.
- Dealers' get-together at Sahiwal and Rahim Yar Khan regions.
- Displayed products at Jetro's (Japan External Trade Organization - Government of Japan) event at Karachi on Japan's National day.



January 2014

- B2C training given to dealers in Multan, Lahore, Faisalabad, Rawalpindi and Sukkur.
- Suzuki free battery check-up in Sukkur.
- Conducted training of 20 HACPL dealers regarding battery inspection and maintenance.

February 2014

- B2C follow-up training conducted in Lahore, Faisalabad, Rawalpindi and Sahiwal regions.

March 2014

- Pakwheels Auto Festival sponsored in Lahore with subsequent battery check-up campaign.
- B2C follow-up training conducted in Karachi.
- Auto electrical workshop conducted in Karachi.

April 2014

- Dealers' incentive scheme award announcement program and dealer get together were held at Karachi, Lahore, Multan and Rawalpindi.



May 2014

- Auto-electrician workshop was held in Karachi with support of Quality department.
- Dealers' visited the factory in Karachi.

June 2014

- Thailand visit of dealers and sales team as part of Dealer Incentive Scheme.



Contribution to National Exchequer

During the year under review, the Company contributed Rs.2,801.3 million to the national exchequer on account of various government levies, taxes and import duties; up 57% as against last year. The Company's positive attitude towards development of economy and fulfilling its responsibility as a good corporate citizen is clearly reflected from the above statistics. Together with other Atlas Group Companies, the total contribution to the exchequer is over Rs.29 billion. This makes Atlas one of the highest taxpayer in the country with 1% of Government's total revenue.



Donation

The Company has a policy to donate 1% of its prior year's profit before tax to a charitable institution. During the year, Company has donated Rs.8.23 million to Atlas Foundation. Further, the Company has installed two triple stage water filter coolers with ultra violet sterilization systems in The Citizens Foundation School Cowasjee Campus with a commitment to bear annual maintenance charges.



Corporate Governance

The term "Corporate Governance" refers to a system of company's management that focuses on responsibility, transparency and sustainable value creation. It encompasses the management and monitoring system of the Company, including its organization, business principles and guidelines, as well as internal and external control and monitoring mechanisms.

The governance and control of Atlas Battery Limited is carried out through number of corporate bodies. At the general meetings, the shareholders can exercise their voting rights as mentioned in statutory laws.

The Board of Directors is ultimately responsible for organization and management of the Company's operations. The duties of the Board are partly exercised through Audit Committee and Human Resource and Remuneration Committee.

In addition, the Board is responsible to appoint the CEO of the Company. The CEO is in-charge of the daily management of the Company in accordance with guidelines and instructions provided by the Board.

Division of responsibilities and duties between the shareholders, the Board and the CEO are regulated inter alia by the Companies Ordinance, 1984, the Company's Articles of Association and the Code of Corporate Governance.

1. Shareholders and General Meetings

Shareholders

As on June 30, 2014, the Company had 1,345 shareholders according to the share register. The Company's share registrar is Hameed Majeed Associates (Private) Limited.

Investors' Grievances / Feedbacks

The Company believes in protecting interest of its investors. In addition, the Company also encourages their feedbacks and suggestions to understand views of shareholders' on different aspects and issues of the Company. Accordingly, it has constituted a "Grievance / Feedback System" that aims to resolve all of their complaints / queries on timely basis. Company Secretary has been designated as the person responsible for handling investor grievances and feedbacks. The mechanism is summarized below:

- A designated email address has been created namely **abl@atlasbattery.com.pk** to facilitate investors in submitting their queries / grievances and feedbacks.
- In addition to the aforementioned email address, complaints and suggestions can also be received in writing, duly address to the Company Secretary.
- All grievances / queries are resolved and communicated to the investors on timely basis after due verification procedures.

General Meeting of Shareholders

An Extraordinary General Meeting of Shareholders is convened when the Board of Directors considers any matter requiring the approval of company in general meeting, or if the shareholders who control one tenth of all the shares so demand in writing for the consideration of a certain issue.

The Annual General Meeting (AGM) decides on, among other things, the adoption of the financial statements contained therein, the distribution of profits and the discharge of the Members of Board and the President & CEO from liability. In addition, the AGM elects the Members of the Board and the auditors, and decides on the remuneration paid to the auditors. The AGM, furthermore, may decide on, for example, amendments to the Articles of Association, share issues, etc. as required by laws and regulations prevailing in the country.

Atlas Battery Limited's Annual General Meeting 2013-14 was held on September 27, 2013 in Karachi. The shareholders adopted inter alia the following resolutions:

- Minutes of the Annual General Meeting held on September 24, 2012 be and are hereby confirmed and signed.
- Audited Annual Accounts for the year ended June 30, 2013 along with the Directors' and Auditors' Reports thereon be and are hereby adopted.
- Cash dividend @ 100% (Rs.10/- per share) be and is hereby approved for payment to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 12, 2013.
- Sum of Rs.28,999,610/- out of Company's profit be capitalized for issuing 2,899,961 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 12, 2013 @ 20% in the proportion of One ordinary share of Rs.10/- each for every Five ordinary shares of Rs.10/- each held by a shareholder. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend and in all other respects.

- Fractional bonus shares shall be combined and the Directors be and are hereby authorized to combine and sell the fractional shares so combined in the stock market and pay the proceeds of sales thereof, when realized, to a charitable institution approved under the Income Tax Ordinance, 2001.
- Directors be and are hereby authorized to give effect to the foregoing resolutions and in this regard to do or cause to be done all acts, deeds and things that may be necessary or required.
- Retiring Auditors M/s. Hameed Chaudhri & Co., Chartered Accountants being eligible, be and are hereby re-appointed as Company's Auditors for the year ending June 30, 2014 for an audit fee of Rs.1,000,000/-.

Atlas Battery Limited's Extra Ordinary General Meeting was held on May 20, 2014 in Karachi. The shareholders adopted inter alia the following resolutions:

- Minutes of the Annual General Meeting held on September 27, 2013 be and are hereby confirmed and signed.
- Elected seven (7) Directors as fixed by the Board of Directors, for a term of three years commencing from May 21, 2014 in accordance with the provision of Section 178(1) of the Companies Ordinance, 1984.
- Considered and approved the change in Article 97 of the Articles of Association of the Company.

2. Board of Directors

The Board's Responsibilities

The Board of Directors is responsible for the appropriate arrangement of the Company's administration and operations. The Board of Directors consists of minimum of seven members elected by a General Meeting of Shareholders. The Board of Directors elects a Chairman from among its members.

The Board of Directors' tasks and responsibilities are determined primarily by the Company's Articles of Association, the Companies Ordinance, 1984 and other legislation and regulations applicable to the Company. It is the responsibility of the Board of Directors to act in the interests of the Company and all of its shareholders.

The Board gives strategic direction to the Company's management and oversees the performance of the management against the given strategic directions. The Board has constituted various committees for the performance of their functions.

The Board is responsible for the system of corporate governance and is ultimately accountable for the Company's activities, strategy, risk management and financial performance. The Board has the authority and is accountable to shareholders for ensuring that the Company's matters are appropriately managed and it achieves the predefined objectives it sets. The Board discharges its responsibilities through their meetings including quarterly meetings which include approval of budgetary planning and business strategy. The Board reviews the internal controls and risk management policies and approves its governance structure and code of ethics.

It is the Board's duty to prepare the matters to be dealt with by a General Meeting and to ensure that the decisions made by a General Meeting are appropriately implemented. In addition, the Board directs and supervises the Company's executive management, appoints and dismisses the CEO, decides on the CEO's remuneration and other benefits.

The Board of Directors also decides on far-reaching and fundamentally important matters affecting the Company. Such matters includes the Company's strategy, approving the Company's budget and action plans and monitoring their implementation, acquisitions and the Company's operating structure, significant capital expenditures, internal control systems and risk management, key organizational issues and incentive schemes, issuance of shares, investment of funds and declaration of dividend.

The Board of Directors is also responsible for monitoring the financial reporting process and the efficiency of the Company's internal control, internal auditing, if applicable, and risk management systems pertaining to the financial reporting process, monitoring the statutory audit of the financial statements, evaluating the independence of the statutory auditor or audit firm, particularly with respect to the provision services unrelated to the audit, and preparing a proposal for resolution on the election of the auditor.

Composition of the Board of Directors

The Annual General Meeting confirmed that the Board of Directors shall have seven members.

The personal information of Members of the Board is presented in start of this report.

Roles and Responsibilities of Chairman

The Board determines its working procedures and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as responsibilities delegated to the committees appointed by the Board. The Chairman's role is primarily to guide long term strategic planning for the Company including:

- Presiding over the Board and ensuring that all relevant information has been made available to the Board.
- Defining the Company's philosophy and objectives;
- Safeguarding shareholders' interest in the Company;

- Responsible for building the Company's image nationally and globally;
- Ensuring the appropriate recording and circulation of the minutes of the Board to directors and officers entitled to attend Board meetings;
- Major spokesman of the Company, responsible for liaison with the senior most levels of Federal and Provincial Government;
- Overseeing the Company's macro approaches and public relations in the broadest sense, including its relations with public organization and other companies; and
- Commitments and de-commitment of strategic investments.

Conflicts of Interest

Directors have a duty to avoid a situation in which they have or can have a direct or indirect interest which conflicts, with the interests of the Company. In this regard, the directors have undertaken that they will comply with the related provisions of the Companies Ordinance, 1984 and rules and regulations of SECP and Stock Exchanges.

Boards Performance Review

The evaluation of Board's role of oversight and its effectiveness is continual process which is appraised by the Board itself. The core areas of focus are:

- Alignment of corporate goals and objectives with the vision and mission of the Company.
- Strategy formulation for sustainable operations and subsequent performance evaluation.
- Evaluate adequacy of qualifications and expertise required.
- Board's independence.
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Remuneration of the Board of Directors

The remuneration of the Board members is approved by the Board itself. However, in accordance with Code of Corporate Governance, it is ensured that no Directors take part in deciding their own remuneration.

For information on remuneration of directors and CEO in 2013-14, please refer notes to the financial statements.

3. Chief Executive Officer (CEO)

The CEO handles the operational management of the Company in accordance with instructions issued by the Board. He is responsible to the Board of Directors for fulfilling the targets, plans and goals that the Board sets. The CEO is responsible for ensuring that the Company's accounting is in compliance with the law and that financial management has been arranged in a reliable manner. The CEO forms the Functional Committees and Management Teams and delegates to its members the necessary powers for carrying out their responsibilities.

The management team consists of the heads of Company's following functions:

- Marketing
- Plant
- Supply Chain
- Quality Assurance and Technical Services
- Human Resource
- Information Technology
- Finance

Roles and Responsibilities of CEO

The CEO is responsible for all matters pertaining to the operations of the Company. His responsibilities include:

- To lead, in conjunction with the Board, the development of the Company's strategy;
- To lead and oversee the implementation of the Company's long and short term plans in accordance with its strategy;
- To build and maintain amicable relations with governmental departments, trade associations, regulatory bodies, customers, suppliers and sales offices;
- To ensure the achievement of agreed productivity and profitability targets;
- To ensure that the chain of command is clear in the Company to facilitate the maintenance of discipline, remits of all managers clearly define their functions to ensure accountability;
- To prepare for the approval of the BOD annual forecast of plans for productions, sales, profit, revenue and capital expenditure, manpower which fit into the long term business objectives and the overall strategic direction of the Company;
- To ensure that necessary coordination exists between various departments of the Company to achieve smooth and effective operations;
- Maintain a regular review of duties and functions of the staff to ensure that there is no duplication of efforts in office methods and procedures and that all operations are carried out efficiently and economically;
- To ensure that the Company's interest and assets are properly protected and maintained and all the required Government obligations are complied;

- To chalk out human resource policies for achieving high professional standards, overall progress / betterment of the Company as a whole;
- To ensure that proper succession planning for all level of hierarchy exist in the Company and is constantly updated;
- To pay all Government dues and on or before due dates and obtain all refunds due from the Government;
- To prepare and present personally to the Board of Directors following reports / details:
 - ▶ annual business plan, cash flow projections, forecasts and strategic plan;
 - ▶ budgets including capital, manpower and overhead budgets, along with variance analyses;
 - ▶ quarterly operating results of the listed company as a whole and in terms of its operating divisions or business segments;
 - ▶ promulgation or amendment to a law, rule or regulation, enforcement of an accounting standard and such other matters as may affect the listed company;
- To ensure that any show cause, demand or prosecution notice received from revenue or regulatory authorities are properly responded to;
- To resolve disputes with labor and their proposed solutions, any agreement with the labor union or collective bargaining agent and any charter of demands on the listed company;
- To ensure that open, progressive and game free atmosphere is created among associates giving them a sense of participation and providing them with an opportunity to give their best;
- To ensure that every associate is treated equally as an individual regardless of designation, career development is on merit basis and each associate is helped to develop pride of performance through continuous study and training so as to form a team in which all levels of associates work together with common goals to strengthen the position of the Company;
- To ensure that the Company operates with minimum staffing and paperwork;
- To ensure effective internal controls and management information systems are in place;
- To ensure that the Company has appropriate systems to enable it to conduct its activities both lawfully and ethically;
- To ensure that the Company maintains high standards of corporate citizenship and social responsibility wherever it does business;
- To keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company and to ensure that processes and systems are in place to ensure that the CEO and management of the Company are adequately informed;
- To ensure the integrity of all public disclosure by the Company;
- In concert with the Chairman, to develop Board agendas;
- To request that special meetings of the Board be called when appropriate;
- In concert with the Chairman, to determine the date, time and location of the annual meeting of shareholders and to develop the agenda for the meeting; and
- To sit on committees of the Board where appropriate as determined by the Board.

CEO Performance Review

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes performance of the business, accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

4. Committees of the Board

To ensure objective control, the Board has established Audit Committee and Human Resource and Remuneration Committee to oversee relevant areas of the Company's operations.

Audit Committee

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

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

Report of the Audit Committee is annexed.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review. The Committee consists of three members. Majority of members including the Chairman of the Committee are non-executive directors.

The committee is responsible for:

- i) recommending human resource management policies to the board;
- ii) recommending to the board the selection, evaluation, compensation and succession planning of the CEO;
- iii) recommending to the board the selection, evaluation, compensation of COO, CFO, Company Secretary and Head of Internal Audit; and
- iv) consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

5. Auditors

The Company has an auditor, auditing firm which fulfills general competency requirements and also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit. The auditor is also compliant with Code of Corporate Governance and other applicable laws and regulations. The performance, cost and independence of the external auditor is reviewed by the Audit Committee and has recommended to the Board. Annual General Meeting then elects the auditor to audit the accounts for the financial year, and the auditor's duties cease at the close of the subsequent Annual General Meeting. The auditor's duty is to audit financial statements and give reasonable assurance that the financial statements and the Report of the Board of Directors give a true and fair view of the Company's operations and result as well as its financial position. The Company's auditor presents the audit report required by law to the Company's shareholders in connection with the annual financial statements and reports regularly to the Board of Directors.

6. Compliance and Integrity Management

All directors and associates are required to comply with all applicable laws and regulations by Atlas Battery policy.

Code of Conduct

The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights, fraud, etc. The Code encourages honesty, integrity and openness in conduct of company's operations. It strictly abides all to follow the laws and regulations. The Code guides interactions with all stakeholders, including consumers, suppliers, shareholders and partners.

The Code is reviewed annually and any changes therein are approved by the Board. The Code is communicated to all associates and is available on the Company's website.

The Company values an open dialogue on integrity and responsibility with its associates. The Company investigates all alleged breaches of code and applies appropriate measures when complaints turn out to be substantiated. The associates of the Company are encouraged to report their views on processes and practices to their manager. These reporting mechanisms are part of the complaints procedure and are described in our code of conduct. In 2013-14, no alleged breaches of the Code of Conduct were reported.

IT Governance Policy

The use and sharing of information by stakeholders including data communicated or stored is secured and not compromised is the top priority and concern of Company. The Company's focus is on strong processes and systems in order to protect the stakeholders' data and educate and create awareness about the importance of data protection and privacy through IT Governance Policy which is summarized below:

- Members of Management Committee are responsible for required compliance in their respective functional areas, at all locations.
- The Head of IT is responsible for its implementation, maintaining compliance and for suggesting new areas as per technology enhancement.

Risk and Opportunity Report

This report will cover Company's risk assessment; identified risks adopted mitigating factor and actions in place.

Objectives	Major Business Risks	Sensitivity	Mitigating factors / actions in place
Market To be market leader in battery industry.	Continued inflation reducing customer purchasing power. Rising raw material and other input costs eroding liquidity in rural areas.	■	Enhance internal efficiencies to provide the right product at the right price
Socio-political situation To operate in a stable market with least volatility and low occurrence of unforeseen variables.	Compliance of new and existing laws and regulations.	■	A team of qualified and experienced professional in the management team ensures compliance with all laws, rules and regulations.
Technology To evolve technologically in order to manufacture products of high quality.	Technology shift may render production process obsolete and cost inefficient.	■	Constant process of balancing, modernization and up gradation of production facilities.
Operations To ensure continuity of operations without disruptions.	The severe on-going energy crisis. Vendors' operational / financial constraints and their deteriorating quality standards. Disruptions due to data loss from operational failures or natural disasters.	■ ■ ■	Company operations have an alternative energy sources. Continuous assessment of all vendors in terms of quality, operational and financial capacities. A business continuity plan is in place for ensuring uninterrupted operations for all departments.
Human Resource Recruitment and career advancement based on integrity, merit, experience and skills.	Qualified and competent staff may not be available in sufficient numbers. Operations may be subject to fraudulent activities.	■	Well structured procedures for recruitment, training, compensation, periodic appraisals and succession planning have been implemented to ensure staff retention.
Finance To be financially strong and perform up to the expectations of all stakeholders.	Devaluation of Pak Rupee against foreign currencies may adversely affect Company's financial performance. Increase production capacity leading to high material and supplies' orders and costs making liquidity and cash flows stressed.	■ ■	Foreign currency exposure is monitored by the Treasury department. Derivatives such as forward covers and currency options are used for hedging against currency devaluation when considered necessary, as and when deemed feasible. Liquidity is monitored by the Treasury department in cooperation with Supply Chain. Further, cash management facilities from various banks have been availed for quick realization of sales revenue.
Health and Safety To ensure health and safety of associates at workplace.	Injuries due to workplace accidents.	■	Safety is top priority and an effective working environment is enforced. Medical and health insurance policies are in place for all associates. Adequate trainings are provided to associates along with drills conducted.

Sensitivity ■ High ■ Medium ■ Low

Report of the Audit Committee

The Audit Committee comprises of 3 non-executive directors. The Audit Committee reports the following after an annual review of the Company's operations:

- Four meetings of the Audit Committee were held during the year 2013-14 and presided by the Chairman.
- The Audit Committee appointed a secretary of the committee who is Head of Internal Audit. The secretary circulated the minutes of meetings of the Audit Committee to all members, directors, CEO, Head of Internal Audit and CFO prior to the next meeting of the Board.
- The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors.
- The Audit Committee reviewed preliminary announcements of results prior to publication.
- The Audit Committee reviewed the internal audit reports.
- The Company's Code of Conduct has been disseminated and placed on Company's website.
- Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended June 30, 2014, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and design and effectiveness of internal control system of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984 and the external reporting is consistent with management processes and adequate for shareholder needs.
- The Audit Committee has reviewed the related party transactions and recommended for approval of the Board of Directors.
- The Company's system of internal controls is designed to manage rather than eliminate the risk of not achieving business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the CEO and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.
- Ascertained that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

Internal Audit

- The Board has effectively implemented the internal control framework through an in-house Internal Audit function.
- Internal Audit facilitate a risk assessment process in each key business area and support function to review the significant risks facing its operations and to record the relevant controls and any actions in place to mitigate the risks. The materiality of the risk is measured based on financial and non-financial criteria, and the probability of the risk arising is also mapped. The detailed assessments are then consolidated to provide input into the Company's risk assessment. This process also enables Internal Audit to engage with senior management throughout the business on risk monitoring and management.
- Reviewed the annual internal audit programme and the consideration of findings of internal audit and management's response. Further, it approved the internal audit plan for 2013-14.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Audit

- The statutory auditors of the Company, Hameed Chaudhri & Co., Chartered Accountants, have completed the audit of financial statements of the Company for the year ended June 30, 2014 and review of the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended June 30, 2014.
- The Auditors have been allowed direct access to the Audit Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured.
- The Audit Committee has reviewed and discussed points of improvements highlighted by the external auditors.
- The Audit Committee has reviewed the Management Letter of 2013 which was issued within 30 days of the date of the Auditors' Report on financial statements as required under the listing regulations and discussed with the external auditors and management.
- The performance, cost and independence of the external auditor was reviewed by the Audit Committee and has recommended to the Board to reappoint Hameed Chaudhri & Co., Chartered Accountants, for the year ending June 30, 2015 be proposed at the forthcoming Annual General Meeting.

Statement of Compliance with the Code of Corporate Governance

Name of the Company: Atlas Battery Limited
 Year Ended: June 30, 2014

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board. At present, the Board includes:

Sr. No.	Name of Directors	Category		
		Independent (3)	Non-Executive (6)	Executive (1)
1.	Mr. Yusuf H. Shirazi		√	
2.	Mr. Ariful Islam	√	√	
3.	Mr. Bashir Makki		√	
4.	Mr. Kamal A. Chinoy	√	√	
5.	Mr. Omar Saeed	√	√	
6.	Mr. Makio Tanaka		√	
7.	Mr. Ali H. Shirazi			√

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board was duly filled by the directors within the prescribed time.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company. One director is already a Certified Director, one has become Certified Director during the year and one director meets the criteria of exemption under clause (xi) of the Code and is accordingly exempted from directors' training program. Remaining directors will acquire the required directors training certification within the time specified in the Code.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Chief Executive Officer.
11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members who are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the
BOARD OF DIRECTORS



Ali H. Shirazi
President / Chief Executive

Karachi: August 26, 2014



HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Battery Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Karachi: August 26, 2014
Engagement partner: Muhammad Ali

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

LAHORE:

HM House, 7-Bank Square.
Tel : 37235084-87 Fax : 042-37235083
E-mail : lhr@hccpk.com
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KARACHI:

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URL : www.hccpk.com



Financial Statements



Premium Efficiency for Tractors

6FT-120

This battery has 15 plates in each of its 6 cells and a right polarity. It is used by the following brands: Toyota, Hi-Ace, Mercedes Benz & Isuzu Bus JCR 520 zz

GX-135

This battery has 19 plates in each of its 6 cells and a right polarity. It is used by the following brands: Toyota, Hi-Ace, Mercedes Benz & Isuzu Bus JCR 520 zz

GX-155

This battery has 21 plates in each of its 6 cells and a central polarity. It is used by the following brands: Toyota, Hi-Ace, Mercedes Benz & Isuzu Bus JCR 520 zz

GX-132

This battery has 17 plates in each of its 6 cells and a right polarity. It is used by the following brands: Mercedes Benz & FIAT Tractors



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HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of **Atlas Battery Limited** as at June 30, 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 5 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Hameed Chaudhri & Co.

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

Karachi: August 26, 2014
Engagement partner: Muhammad Ali

LAHORE:

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URL : www.hccpk.com




BALANCE SHEET

AS AT JUNE 30, 2014

	Note	2014	Re-stated 2013	Re-stated July 1, 2012
----- (Rupees in ₹000) -----				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	1,416,705	1,155,854	1,127,859
Intangible assets	7	1,117	1,736	-
Investments	8	-	-	-
Long term deposits	9	13,916	10,555	6,832
Long term loans	10	1,227	657	719
		1,432,965	1,168,802	1,135,410
CURRENT ASSETS				
Stores, spares and loose tools	11	88,665	57,818	43,594
Stock-in-trade	12	2,551,256	1,477,258	811,490
Trade debts	13	142,345	79,987	112,423
Loans and advances	14	25,875	3,497	2,682
Deposits and prepayments	15	6,416	6,446	5,138
Investments	16	824,925	711,544	436,291
Other receivables	17	11,398	4,121	7,023
Taxation - net		237,060	94,615	29,481
Bank balances	18	6,089	33,055	48,191
		3,894,029	2,468,341	1,496,313
Total assets		5,326,994	3,637,143	2,631,723



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director

BALANCE SHEET


AS AT JUNE 30, 2014

	Note	2014	Re-stated 2013	Re-stated July 1, 2012
----- (Rupees in ₹000) -----				
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital 50,000,000 (2013: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000	500,000
Issued, subscribed and paid-up capital	19	173,998	144,998	120,832
General reserve		1,477,500	1,067,500	727,500
Unappropriated profit		733,068	577,244	478,606
Total equity		2,384,566	1,789,742	1,326,938
SURPLUS ON REVALUATION OF LEASEHOLD LAND		173,786	173,786	173,786
NON CURRENT LIABILITIES				
Staff retirement benefits	20	49,741	45,825	40,928
Deferred taxation	21	161,015	146,945	131,123
		210,756	192,770	172,051
CURRENT LIABILITIES				
Trade and other payables	22	860,347	799,556	514,863
Sales tax payable - net		55,319	53,488	21,066
Accrued mark-up	23	19,729	11,110	7,810
Short term borrowings	24	1,622,491	616,691	415,209
		2,557,886	1,480,845	958,948
Total liabilities		2,768,642	1,673,615	1,130,999
CONTINGENCIES AND COMMITMENTS	25			
Total equity and liabilities		5,326,994	3,637,143	2,631,723

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



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 ----- (Rupees in ₹000) -----	Re-stated 2013
Sales - Net	26	12,242,719	8,875,114
Cost of sales	27	(10,621,161)	(7,559,626)
Gross profit		1,621,558	1,315,488
Distribution cost	28	(292,373)	(235,264)
Administrative expenses	29	(189,754)	(190,538)
Other income	30	109,221	86,309
Other expenses	31	(99,859)	(91,981)
Profit from operations		1,148,793	884,014
Finance cost	32	(126,025)	(59,946)
Profit before taxation		1,022,768	824,068
Taxation	33	(281,618)	(241,182)
Profit after taxation		741,150	582,886
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(Loss) / gain on remeasurement of staff retirement benefit obligations		(1,982)	1,137
Impact of deferred tax		654	(387)
		(1,328)	750
Total comprehensive income		739,822	583,636
----- Rupees -----			
Earnings per share - basic and diluted	34	42.60	33.50

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



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- (Rupees in ₹000) -----	
Cash flows from operating activities		
Profit before taxation	1,022,768	824,068
Adjustments for non-cash charges and other items:		
Depreciation of operating fixed assets	130,343	107,879
Amortisation of intangible assets	2,269	1,152
Net change in fair value of investments at fair value through profit or loss	(78,657)	(68,821)
Gain on sale of investments	(3,781)	(5,590)
Finance cost	126,025	59,946
(Gain) / loss on sale of operating fixed assets	(5,443)	13,026
Provision for doubtful debts	624	1,512
Provision for gratuity	6,197	6,544
Provision for compensated leave absences	4,981	7,306
Operating profit before working capital changes	1,205,326	947,022
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(30,847)	(14,224)
Stock-in-trade	(1,073,998)	(665,768)
Trade debts	(62,982)	30,924
Loans and advances	(22,378)	(815)
Deposits and prepayments	30	(1,308)
Other receivables	(7,277)	2,902
	(1,197,452)	(648,289)
Increase in current liabilities		
Trade and other payables	56,269	284,518
Sales tax payable - net	1,831	32,422
	58,100	316,940
	(1,139,352)	(331,349)
Cash generated from operations	65,974	615,673
Finance cost paid	(117,406)	(56,646)
Income taxes paid (including tax deducted at source)	(409,339)	(290,881)
Gratuity paid	(7,592)	(8,299)
Compensated leave absences paid	(1,195)	(2,495)
Long term deposits - net	(3,361)	(3,723)
Long term loans - net	(570)	62
Net cash (used in) / generated from operating activities - carried forward	(473,489)	253,691

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----- (Rupees in ₹000) -----	
Net cash (used in) / generated from operating activities - brought forward	(473,489)	253,691
Cash flows from investing activities		
Purchase of property, plant and equipment	(400,640)	(243,953)
Sale proceeds from disposal of operating fixed assets	14,889	95,053
Additions in intangible assets	(1,650)	(2,888)
Investments acquired	(127,500)	(380,842)
Sale proceeds from disposal of investments	96,557	180,000
Net cash used in investing activities	(418,344)	(352,630)
Cash flows from financing activities		
Short term borrowings - net	1,005,800	201,482
Dividend paid	(140,933)	(117,679)
Net cash generated from financing activities	864,867	83,803
Net decrease in cash and cash equivalents	(26,966)	(15,136)
Cash and cash equivalents - at beginning of the year	33,055	48,191
Cash and cash equivalents - at end of the year	6,089	33,055

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



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director

STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED JUNE 30, 2014

	Share Capital	General Reserve	Unappro- priated Profit	Total
	----- (Rupees in ₹000) -----			
Balance as at July 1, 2012 (as previously reported)	120,832	727,500	491,734	1,340,066
Effect of change in accounting policy due to application of IAS-19 (Revised) - net of tax [note 5]	-	-	(13,128)	(13,128)
Balance as at July 1, 2012 (re-stated)	120,832	727,500	478,606	1,326,938
Transfer to general reserve	-	340,000	(340,000)	-
Transactions with owners				
Cash dividend for the year ended June 30, 2012 at the rate of Rs.10 per share	-	-	(120,832)	(120,832)
Bonus shares at the rate of 20% issued during the year	24,166	-	(24,166)	-
	24,166	-	(144,998)	(120,832)
Total comprehensive income for the year ended June 30, 2013				
Profit for the year (re-stated)	-	-	582,886	582,886
Other comprehensive income	-	-	750	750
	-	-	583,636	583,636
Balance as at June 30, 2013 (re-stated)	144,998	1,067,500	577,244	1,789,742
Transfer to general reserve	-	410,000	(410,000)	-
Transactions with owners				
Cash dividend for the year ended June 30, 2013 at the rate of Rs.10 per share	-	-	(144,998)	(144,998)
Bonus shares at the rate of 20% issued during the year	29,000	-	(29,000)	-
	29,000	-	(173,998)	(144,998)
Total comprehensive income for the year ended June 30, 2014				
Profit for the year	-	-	741,150	741,150
Other comprehensive loss	-	-	(1,328)	(1,328)
	-	-	739,822	739,822
Balance as at June 30, 2014	<u>173,998</u>	<u>1,477,500</u>	<u>733,068</u>	<u>2,384,566</u>

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



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries. The registered office and manufacturing facilities are located at D-181, Central Avenue, S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Rawalpindi, Faisalabad, Sahiwal, Peshawar and Sukkur.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.3 New and amended standards and interpretations

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The amendments to the following standards have been adopted by the Company for the first time for the financial year beginning on July 1, 2013:

- (a) Amendment to IAS 1, 'Financial statement presentation' regarding disclosure requirements for comparative information. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, and the retrospective application has a material effect on the information in the balance sheet at the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet.
- (b) IAS 19, 'Employee benefits' was revised in June 2011. Revised standard eliminates the corridor approach and calculates finance costs on a net funding basis. IAS 19 (Revised) amends the accounting for the Company's defined benefit plans. The Company has applied this standard retrospectively and its impact on the Company's financial statements has been explained in note 5.

2.3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

2.3.3 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments to published standards are not effective (although available for early adoption) for the financial year beginning on July 1, 2013 and have not been early adopted by the Company:

- (a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24 'Related Party Disclosures' and IAS 38, 'Intangible assets'. The Company does not expect to have material impact on its financial statements due to application of these amendments.

- (b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on Company' financial statements.
- (c) IAS 32 (Amendment), 'Financial instruments: presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: presentations', to clarify some of the requirements for offsetting financial assets and financial liabilities on the reporting date. The Company shall apply this amendment from July 1, 2014 and does not expect to have a material impact on its financial statements.
- (d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Company's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention, except that leasehold land is stated at the revalued amount, investments are carried at fair value and certain employee retirement benefits are stated at present value of defined benefit obligation net of fair value of plan assets.
- 3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

- (i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets [note 4.1 and 4.2].
- (ii) Stock in trade and spares [4.6 & 4.7]
- (iii) Provision for doubtful debts [note 4.8].
- (iv) Employees' benefits [note 4.12].
- (v) Provision for taxation [note 4.14].
- (vi) Provisions [note 4.3.2, 4.15 & 4.16].

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except as stated in note 5.

4.1 Property, plant and equipment

Owned assets

Operating fixed assets except for leasehold land are stated at cost less accumulated depreciation and impairment loss, if any. Leasehold land is stated at revalued amount. Capital work-in-progress is stated at cost. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when assets are available for use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to expenses as and when incurred.

Depreciation

Depreciation is charged to income on the reducing balance basis except for computers and accessories. Depreciation on computers and accessories is charged to income on a straight line basis. Depreciation is charged at the rates stated in note 6.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which asset is disposed-off.

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

Residual values and useful lives are reviewed, at each reporting date, and adjusted if impact on depreciation is significant.

Disposal

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sale proceeds and the carrying amount of assets and are included in the profit and loss account.

Revaluation of assets

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any surplus on revaluation of operating fixed assets is credited to the surplus on revaluation of fixed assets account.

Leased assets

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and present value of the minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any.

Impairment

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any, and represent cost of software licenses and ERP implementation cost.

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

Subsequent expenditure

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

Amortisation

Intangible assets are amortised using the straight-line method over a period of two years.

4.3 Financial assets

4.3.1 Classification

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

(a) Financial assets at fair value through profit or loss

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

(b) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, in which case, they are classified as non-current assets.

(c) Held to maturity financial assets

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity in respect of which the Company has positive intent and ability to hold till maturity. There is no held to maturity investment at the reporting date.

(d) Available-for-sale financial assets

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

4.3.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction cost are expensed in the profit and loss account. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownerships. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account within 'Other income / expense' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of 'Other income'. Dividend on available-for-sale equity instruments are recognised in the profit and loss account as part of 'Other income' when the Company's right to receive payments is established.

Equity instruments that do not have a quoted market price in an active market and whose fair values can not be reliably measured or determined, are stated at cost.

The Company assesses at end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exist for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment testing of other receivables is described in note 4.8.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortised cost using effective interest method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or terms of an existing liability are

substantially modified such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and difference in respective carrying amounts is recognised in the profit and loss account.

4.5 Off-setting of financial assets and liabilities

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

4.6 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost less provision for obsolescence, if any. Items in transit are stated at cost comprising of invoice value plus other charges thereon accumulated upto the reporting date.

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

4.7 Stock-in-trade

These are valued at lower of cost and net realizable value.

Cost in relation to raw materials in hand, packing materials and components has been calculated on a weighted average basis and represents invoice values plus other charges paid thereon.

Cost in relation to work-in-process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads.

Raw materials held in custom bonded warehouse and stock-in-transit are valued at cost comprising of invoice value plus other charges accumulated upto the reporting date.

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

4.8 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts. Carrying amounts of trade and other receivables are assessed at each reporting date and a provision is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written-off.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of balances with banks and cheques in hand.

4.10 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account within 'Other income / other expenses'.

4.11 Interest / mark-up bearing loans and borrowings

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

4.12 Employees' benefits

The Company has following plans for its employees:

4.12.1 Defined contribution plan

A defined contribution plan is a post-employment benefit under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligation for contribution to a defined contribution plan is recognised as an employee service benefit expense in the profit and loss account when it is due.

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognised provident fund (the Fund); or
- voluntary pension schemes managed by Atlas Asset Management Limited, a related party, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

All the newly appointed employees are offered voluntary pension scheme only. However, those employees who are provident fund trust members, have the option to opt for either of two above mentioned defined contribution plans.

Equal monthly contributions at the rate of 11% of the basic salary are made to the Fund / scheme, both by the Company and the employees. The Fund is a separate legal entity and its assets are being held separately under the control of its trustees.

4.12.2 Defined benefit plans

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

The Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non management staff. The liability recognised in the balance sheet in respect of defined benefit plans is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. Contributions under the schemes are made on the basis of actuarial valuation. The valuations of both schemes are carried-out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2014.

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in income.

4.12.3 Employees compensated leave absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees upto the reporting date.

4.13 Trade and other payables

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

4.14 Taxation

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing laws for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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

4.15 Provisions

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

4.16 Warranty

The Company recognises the estimated liability to repair or replace products still under warranty at the reporting date. Provision for warranty is calculated based on past experience / history of level of repairs and replacements.

4.17 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, incentives, sales returns and trade discounts. Revenue from different sources is recognised on the following basis:

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

- revenue from sale of goods is recognised when goods are dispatched and invoiced to customers;
- interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and
- dividend income from investments is recognised when the Company's right to receive payment has been established.

4.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.19 Earnings per share

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

4.20 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information, as required by the approved accounting standards, is presented in note 38 to these financial statements.

4.21 Dividend and appropriation to reserves

Dividend and other appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5. CHANGE IN ACCOUNTING POLICY

IAS 19 (Revised) - 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for Company's defined benefit plans. The revised standard requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "remeasurements" has been introduced which is made up of actuarial gains and losses, the difference between actual

investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (Revised), the Company's policy for 'Employees' benefits - defined benefit plans' stands amended as follows:

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost, if any, are recognised immediately in the profit and loss account.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been re-stated. The Company's financial statements are only affected by the remeasurements relating to prior years. The effects have been summarised below:

	As at June 30, 2013	As at July 1, 2012
	----- (Rupees in ₹000) -----	
Impact on Balance Sheet		
Decrease in staff retirement benefits	(507)	(511)
Decrease in deferred taxation	(5,979)	(6,763)
Increase in trade and other payables	18,091	20,402
	<hr/>	<hr/>
Decrease in unappropriated profit	11,605	13,128
	<hr/> <hr/>	<hr/> <hr/>
		For the year ended June 30, 2013 (Rupees in ₹000)
Impact on Profit and Loss Account		
Decrease in cost of sales		321
Decrease in distribution cost		212
Decrease in administrative expenses		637
(Increase) in taxation		(397)
		<hr/>
Increase in profit after taxation		773
Impact on Other Comprehensive Income		
Increase in remeasurement gain of staff retirement benefit obligations		1,137
(Increase) in deferred tax charge relating to remeasurement of staff retirement benefit plans		(387)
		<hr/>
Increase in other comprehensive income - net of tax		750
		<hr/> <hr/>
		1,523
Impact on Statement of Changes in Equity		
Decrease in unappropriated profit		(11,605)
		<hr/> <hr/>
Increase in total comprehensive income		1,523
		<hr/> <hr/>

The effect of change in accounting policy, due to application of IAS 19 (Revised) on 'earnings per share' is immaterial in the overall context of these financial statements.

	Note	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,383,865	1,137,047
Capital work-in-progress	6.6	32,840	18,807
		<u>1,416,705</u>	<u>1,155,854</u>

6.1 Operating fixed assets

	Leasehold land	Buildings on leasehold land	Plant and machinery	Office equipment	Computers and accessories	Furniture and fixtures	Air conditioners	Vehicles	Total
----- (Rupees in ₹000) -----									
As at July 1, 2012									
Revaluation / cost	222,305	127,987	993,302	3,209	22,585	4,494	6,789	78,745	1,459,416
Accumulated depreciation	-	48,469	296,318	259	13,603	1,467	1,414	21,629	383,159
Net book value	<u>222,305</u>	<u>79,518</u>	<u>696,984</u>	<u>2,950</u>	<u>8,982</u>	<u>3,027</u>	<u>5,375</u>	<u>57,116</u>	<u>1,076,257</u>
Year ended June 30, 2013									
Opening net book value	222,305	79,518	696,984	2,950	8,982	3,027	5,375	57,116	1,076,257
Additions	-	75,706	156,627	1,668	7,856	1,464	581	32,846	276,748
Disposals									
- cost	48,105	45,422	-	151	122	-	-	23,553	117,353
- accumulated depreciation	-	(220)	-	(133)	(14)	-	-	(8,907)	(9,274)
	48,105	45,202	-	18	108	-	-	14,646	108,079
Depreciation charge	-	9,137	78,806	402	4,977	399	565	13,593	107,879
Closing net book value	<u>174,200</u>	<u>100,885</u>	<u>774,805</u>	<u>4,198</u>	<u>11,753</u>	<u>4,092</u>	<u>5,391</u>	<u>61,723</u>	<u>1,137,047</u>
At June 30, 2013									
Revaluation / cost	174,200	158,271	1,149,929	4,726	30,319	5,958	7,370	88,038	1,618,811
Accumulated depreciation	-	57,386	375,124	528	18,566	1,866	1,979	26,315	481,764
Net book value	<u>174,200</u>	<u>100,885</u>	<u>774,805</u>	<u>4,198</u>	<u>11,753</u>	<u>4,092</u>	<u>5,391</u>	<u>61,723</u>	<u>1,137,047</u>
Year ended June 30, 2014									
Opening net book value	174,200	100,885	774,805	4,198	11,753	4,092	5,391	61,723	1,137,047
Additions	-	2,210	361,673	-	1,852	-	536	20,336	386,607
Disposals (Note 6.5)									
- cost	-	-	12,702	-	-	-	-	15,232	27,934
- accumulated depreciation	-	-	(10,917)	-	-	-	-	(7,571)	(18,488)
	-	-	1,785	-	-	-	-	7,661	9,446
Depreciation charge	-	10,291	99,763	420	5,371	409	582	13,507	130,343
Closing net book value	<u>174,200</u>	<u>92,804</u>	<u>1,034,930</u>	<u>3,778</u>	<u>8,234</u>	<u>3,683</u>	<u>5,345</u>	<u>60,891</u>	<u>1,383,865</u>
At June 30, 2014									
Revaluation / cost	174,200	160,481	1,498,900	4,726	32,171	5,958	7,906	93,142	1,977,484
Accumulated depreciation	-	67,677	463,970	948	23,937	2,275	2,561	32,251	593,619
Net book value	<u>174,200</u>	<u>92,804</u>	<u>1,034,930</u>	<u>3,778</u>	<u>8,234</u>	<u>3,683</u>	<u>5,345</u>	<u>60,891</u>	<u>1,383,865</u>
Depreciation rate (% per annum)		10	10 - 20	10	30	10	10	20	

6.2 The Company's leasehold land was revalued on June 30, 2008 by M/s. Surval, an Independent Valuer, based on market value in the similar area. This revaluation exercise resulted in appraisal surplus of Rs.173,786 thousand over the written down value of Rs.414 thousand which was credited to the surplus on revaluation of fixed assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984.

Value of the above mentioned revalued land as per latest revaluation report dated January 13, 2011 by an Independent Valuer does not materially differ from the book value as on June 30, 2014.

Had there been no revaluation, the book value of the leasehold land would have been Rs.414 thousand (2013: Rs.414 thousand).

	Note	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
6.3 Depreciation charge has been allocated as follows:			
Cost of goods manufactured	27.1	113,605	91,375
Distribution cost	28	3,521	2,897
Administrative expenses	29	13,217	13,607
		<u>130,343</u>	<u>107,879</u>

6.4 Plant and machinery includes certain dies and moulds having cost aggregating Rs.40,610 thousand (2013: Rs.40,610 thousand) and net book value of Rs.22,991 thousand (2013: Rs.25,545 thousand) which are held by various vendors for producing certain parts for supply to the Company.

6.5 The details of operating fixed assets disposed during the year are as follows:

Particular of Assets	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposal	Particular of buyers
----- (Rupees in ₹000) -----						
Assets having net book value exceeding Rs.50,000 each						
Plant and machinery						
Steam boiler	1,180	1,009	171	429	Negotiation	M/s. Malik Traders, Quality Godown, Main Shershah Road, Karachi.
Package boiler	800	526	274	291	Negotiation	
Vacuum drying oven	1,225	1,021	204	1,000	Negotiation	M/s. Ibrahim Ismail Steel Fabrication, Plot # E-1633, Orangi Town, Karachi
Lead oxide mill	1,949	1,895	54	88	Negotiation	M/s. Naveen Enterprises, Technocity Office Tower, Hasrat Mohani Road, Karachi.
Grid casting machines	3,278	2,578	700	1,141	Negotiation	
Hole punch machines	128	48	80	130	Negotiation	
	8,560	7,077	1,483	3,079		
Vehicles						
	2785	2,199	586	2,000	Insurance claim	Atlas Insurance Limited - a related party
	381	286	95	445	Negotiation	M/s. Athar Shafique Ice Factory, Plot # 50-54, Block-D, Baldia Town, Karachi.
	504	292	212	212	Company policy	Mr. Arif Mehmood - Employee
	509	302	207	207	Company policy	Mr. Malik Muhammad Rafiq - Ex-employee
	509	317	192	192	Company policy	Mr. Sheikh Muhammad Mahmood - Employee
	667	396	271	271	Company policy	Mr. Anwar Ahmed Khan - Employee
	291	144	147	627	Negotiation	Mr. Jawaid, Plot No.9, Al-Mehar Society, Garden East, Karachi.
	697	323	374	374	Company policy	Mr. Arshad Khan - Employee
	544	252	292	292	Company policy	Mr. Muhammad Noman Iqbal - Employee
	697	368	329	329	Company policy	Atlas Metals (Pvt) Ltd - a related party
	720	297	423	423	Company policy	Mr. Muhammad Ayaz - Employee
	1490	613	877	877	Company policy	Mr. A.W.Lodhi - Ex-employee
	630	184	446	446	Company policy	Mr. Ghalib Hussain - Ex-employee
	630	192	438	438	Company policy	Mr. Sohail Khan - Employee
	1880	687	1,193	1,193	Company policy	Atlas Metals (Pvt) Ltd - a related party
	612	121	491	491	Company policy	Mr. Imran Khan - Ex-employee
	88	33	55	55	Insurance claim	Atlas Insurance Limited - a related party
	64	11	53	53	Insurance claim	Atlas Insurance Limited - a related party
	111	18	93	93	Insurance claim	Atlas Insurance Limited - a related party
	92	14	78	78	Insurance claim	Atlas Insurance Limited - a related party
	93	15	78	78	Insurance claim	Atlas Insurance Limited - a related party
	93	13	80	80	Insurance claim	Atlas Insurance Limited - a related party
	93	6	87	87	Insurance claim	Atlas Insurance Limited - a related party
	79	14	65	65	Insurance claim	Atlas Insurance Limited - a related party
	80	12	68	68	Insurance claim	Atlas Insurance Limited - a related party
	118	4	114	114	Insurance claim	Atlas Insurance Limited - a related party
	14,457	7,113	7,344	9,588		
Various assets having net book value upto Rs.50,000 each						
	4,917	4,298	619	2,222		
2014	27,934	18,488	9,446	14,889		
2013	117,353	9,274	108,079	95,053		

	2013	Additions	(Transfers)	2014
	----- (Rupees in ₹000) -----			
6.6 Capital work-in-progress				
Tangible				
Buildings on leasehold land	-	27,561	-	27,561
Plant and machinery	17,157	167,247	(183,265)	1,139
Vehicles	-	4,140	-	4,140
Intangible - Computer softwares	1,650	-	(1,650)	-
	<u>18,807</u>	<u>198,948</u>	<u>(184,915)</u>	<u>32,840</u>

	Software license	ERP implementation cost	Total
	----- (Rupees in ₹000) -----		
7. INTANGIBLE ASSETS			
As at July 1, 2012			
Cost	4,859	7,400	12,259
Accumulated amortisation	(4,859)	(7,400)	(12,259)
Net book value	<u>-</u>	<u>-</u>	<u>-</u>
Year ended June 30, 2013			
Opening net book value	-	-	-
Additions	2,888	-	2,888
Amortisation charge	(1,152)	-	(1,152)
Closing net book value	<u>1,736</u>	<u>-</u>	<u>1,736</u>
At June 30, 2013			
Cost	7,747	7,400	15,147
Accumulated amortisation	(6,011)	(7,400)	(13,411)
Net book value	<u>1,736</u>	<u>-</u>	<u>1,736</u>
Year ended June 30, 2014			
Opening net book value	1,736	-	1,736
Additions	1,650	-	1,650
Amortisation charge	(2,269)	-	(2,269)
Closing net book value	<u>1,117</u>	<u>-</u>	<u>1,117</u>
At June 30, 2014			
Cost	9,397	7,400	16,797
Accumulated amortisation	(8,280)	(7,400)	(15,680)
Net book value	<u>1,117</u>	<u>-</u>	<u>1,117</u>
Amortisation rate (% per annum)	<u>50</u>	<u>50</u>	

Note 2014 2013
----- (Rupees in ₹000) -----

7.1 Amortisation charge has been allocated as follows:

Distribution cost	28	325	-
Administrative expenses	29	1,944	1,152
		<u>2,269</u>	<u>1,152</u>

7.2 Intangible assets as at June 30, 2014 include items having aggregate cost of Rs.12,809 thousand (2013: Rs.12,259 thousand) that have been fully amortised and still in use of the Company.

Note 2014 2013
----- (Rupees in ₹000) -----

8. INVESTMENTS - AVAILABLE FOR SALE

Unquoted

Arabian Sea Country Club Limited		
100,000 ordinary shares of Rs.10 each - cost	1,000	1,000
Less: Impairment in the value of investment	1,000	1,000
	<u>-</u>	<u>-</u>

	Note	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
9. LONG TERM DEPOSITS			
Security deposits for:			
- utilities		4,743	4,743
- rent agreements		5,160	2,800
- others		4,013	3,012
		<u>13,916</u>	<u>10,555</u>
10. LONG TERM LOANS - Considered good			
Loans due from:			
- executives	10.2 & 10.3	829	666
- non-executives		2,157	1,430
		<u>2,986</u>	<u>2,096</u>
Less: recoverable within one year and grouped under current assets			
- executives		622	634
- non-executives		1,137	805
	14	<u>1,759</u>	<u>1,439</u>
		<u>1,227</u>	<u>657</u>

10.1 These represent interest free loans to executives and other employees as per terms of employment. These loans are provided for purchase of motor cycle and other specified reasons. Loans aggregating Rs.928 thousand are provided for purchase of motor cycles and are repayable in monthly instalments over period of forty eight and fifty four months for management and non-management staff respectively. Other loans are recoverable over period of twelve to eighteen months. These loans are secured by the registration of motor cycles in the name of the Company and employees vested retirement benefits.

	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
10.2 Reconciliation of carrying amount of loans to executives		
Balance at beginning of the year	666	232
Add: disbursements	1,019	1,030
	<u>1,685</u>	<u>1,262</u>
Less: recoveries	856	596
Balance at end of the year	<u>829</u>	<u>666</u>

10.3 The maximum amount outstanding at the end of any month during the year ended June 30, 2014 from executives aggregated to Rs.829 thousand (2013: Rs.923 thousand).

10.4 The carrying values of these loans are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no default in recent history.

	Note	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
11. STORES, SPARES AND LOOSE TOOLS			
Consumables stores		50,081	29,468
Maintenance spares		36,503	18,094
Loose tools		1,403	1,668
Goods in-transit	11.1	678	8,588
		<u>88,665</u>	<u>57,818</u>

11.1 It includes consumables stores amounting Rs.678 thousand (2013: Rs.8,582 thousand) and maintenance spares amounting Rs.Nil (2013: Rs.6 thousand).

	Note	2014 ----- (Rupees in □000) -----	2013
12. STOCK-IN-TRADE			
Raw materials & components:			
- in hand		1,497,509	922,779
- with third parties	12.1	357,350	36,363
		<u>1,854,859</u>	<u>959,142</u>
Work-in-process		517,413	420,263
Finished goods		111,728	87,289
Goods in transit		67,256	10,564
		<u>2,551,256</u>	<u>1,477,258</u>

12.1 Includes raw materials amounting Rs.303,322 thousand (2013: Rs.Nil) held with Atlas Metals (Private) Limited - an Associated Company for manufacturing purposes.

12.2 Stock-in-trade and trade debts upto a maximum amount of Rs.2,603,467 thousand (2013: Rs.2,003,600 thousand) are under hypothecation of commercial banks as security for short term borrowings (note 24).

	Note	2014 ----- (Rupees in □000) -----	2013
13. TRADE DEBTS			
Consider good - unsecured			
Associated Companies:			
Atlas Honda Limited		24,543	17,079
Honda Atlas Cars (Pakistan) Limited		9,670	9,330
Atlas Autos (Private) Limited		30,717	11,440
Atlas Metals (Private) Limited		35,633	-
Others		41,782	42,138
		<u>142,345</u>	<u>79,987</u>
Consider doubtful			
Others		2,136	1,512
		<u>144,481</u>	<u>81,499</u>
Less: provision for doubtful debts	13.1	2,136	1,512
		<u>142,345</u>	<u>79,987</u>
13.1 Provision for doubtful debts			
Balance at beginning of the year		1,512	-
Add: provision for the year		624	1,512
Balance at end of the year		<u>2,136</u>	<u>1,512</u>

	Associated Companies		Others	
	2014	2013	2014	2013
	----- (Rupees in □000) -----			
13.2 The ageing of trade debts at June 30, is as follows:				
Less than 30 days	76,351	32,073	19,501	29,188
31 - 150 days	24,212	5,776	22,070	12,146
151 days to 365 days	-	-	823	804
Over one year	-	-	1,524	1,512
	<u>100,563</u>	<u>37,849</u>	<u>43,918</u>	<u>43,650</u>
Less: provision for doubtful debts	-	-	2,136	1,512
	<u>100,563</u>	<u>37,849</u>	<u>41,782</u>	<u>42,138</u>

13.3 Trade debts which are past due beyond one year have been impaired and fully provided for.

	Note	2014 ----- (Rupees in □000) -----	2013
14. LOANS AND ADVANCES			
Secured and considered good			
Current portion of long term loans to employees	10	1,759	1,439
Unsecured and considered good			
Loans to staff other than executives	14.1	45	47
Advances to suppliers, contractors and others			
		24,071	2,011
		<u>25,875</u>	<u>3,497</u>

14.1 These represent interest free welfare loans provided to employees in accordance with the Company's policy and have maturities upto ten months.

	2014 ----- (Rupees in □000) -----	2013
15. DEPOSITS AND PREPAYMENTS		
Deposits - unsecured and considered good	3,121	3,671
Prepayments	3,295	2,775
	<u>6,416</u>	<u>6,446</u>

16. INVESTMENTS - at fair value through profit or loss

2014 ----- (Number of units) -----	2013	Related parties	2014 ----- (Rupees in □000) -----	2013
362,394	487,748	Atlas Money Market Fund	182,117	244,942
189,827	127,235	Atlas Stock Market Fund	83,729	66,526
771,339	609,209	Atlas Income Fund	388,647	306,749
186,633	134,218	Atlas Islamic Stock Fund	76,271	64,909
500,339	-	Atlas Gold Fund	53,091	-
			<u>783,855</u>	<u>683,126</u>
		Others		
409,105	166,619	HBL Money Market Fund	41,070	16,873
-	852,115	ABL Income Fund	-	8,527
-	30,159	UBL Liquidity Plus Fund	-	3,018
			<u>41,070</u>	<u>28,418</u>
			<u>824,925</u>	<u>711,544</u>

16.1 387,526 units of HBL Money Market Fund valuing Rs.38,904 thousand are under lien of a commercial bank against guarantees aggregating Rs.30,720 thousand issued in favour of Sui Southern Gas Co. Ltd. and Excise and Taxation Department, Government of Sindh on behalf of the Company (2013: 163,558 units of HBL Money Market Fund valuing of Rs.16,562 thousand were under lien of a commercial bank against guarantees aggregating Rs.14,320 thousand issued in favour of Sui Southern Gas Co. Ltd. and Karachi Electric Supply Co. Ltd.).

	Note	2014 ----- (Rupees in □000) -----	2013
17. OTHER RECEIVABLES - Unsecured, considered good			
Insurance claims receivable	17.1	7,995	1,804
Workers' profit participation fund	17.2	1,086	-
Sales tax paid under protest	25.1.1	2,317	2,317
		<u>11,398</u>	<u>4,121</u>

17.1 This represents amounts due from Atlas Insurance Limited - an Associated Company.

	Note	2014 ----- (Rupees in ₹000) -----	2013
17.2 Workers' profit participation fund			
Balance at beginning of the year		44,194	37,049
Add: interest on funds utilized in the Company's business	32	91	1,226
		<u>44,285</u>	<u>38,275</u>
Less: payments made during the year		100,300	38,275
		<u>(56,015)</u>	<u>-</u>
Add: allocation for the year	31	54,929	44,194
Balance at end of the year		<u>1,086</u>	<u>(44,194)</u>

18. BANK BALANCES

Balances with banks on current accounts	18.1	6,089	2,935
Cheques-in-hand		-	30,120
		<u>6,089</u>	<u>33,055</u>

18.1 Includes Rs.109 thousand held with Meezan Bank Limited - an Associated Company.

19. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014
----- (Number of Shares) -----

2014	2013			
1,300,000	1,300,000	Ordinary shares of Rs.10 each fully paid in cash	13,000	13,000
16,099,769	13,199,808	Ordinary shares of Rs.10 each issued as fully paid bonus shares	160,998	131,998
<u>17,399,769</u>	<u>14,499,808</u>		<u>173,998</u>	<u>144,998</u>

19.1 Movement in issued, subscribed and paid-up capital during the year

2014
----- (Number of Shares) -----

2014	2013			
14,499,808	12,083,174	Balance at beginning of the year	144,998	120,832
2,899,961	2,416,634	Ordinary shares of Rs.10 each issued during the year as fully paid bonus shares	29,000	24,166
<u>17,399,769</u>	<u>14,499,808</u>	Balance at end of the year	<u>173,998</u>	<u>144,998</u>

----- (Number of shares) -----

19.2 Ordinary shares of the Company held by the related parties as at year end:

Atlas Foundation	319,872	266,560
Atlas Insurance Limited	303,420	252,850
GS Yuasa International Limited - Japan	2,609,947	2,174,956
Shirazi (Private) Limited	695,692	579,744
Shirazi Capital (Private) Limited	4,345,200	3,621,000
Shirazi Investments (Private) Limited	5,200,831	4,334,026
	<u>13,474,962</u>	<u>11,229,136</u>

	Note	2014 ----- (Rupees in □000) -----	2013
Provision for gratuity	20.1	1,476	1,346
Compensated leave absences	20.2	48,265	44,479
		<u>49,741</u>	<u>45,825</u>

20.1 Provision for gratuity

20.1.1 As stated in note 4.12.2, the Company operates an approved funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non management staff. Contributions under the schemes are made on the basis of actuarial valuation and such valuation of both schemes are carried-out annually by an independent expert, using the "Projected Unit Credit Method" with the latest valuation being carried out as on June 30, 2014.

20.1.2 Plan assets held in trust are governed by the local regulations which mainly includes Trust Act, 1882, the Companies Ordinance, 1984, the Income Tax Rules, 2002 and Notification issued by the Federal Board of Revenue and Securities and Exchange Commission of Pakistan. Responsibility for governance of the scheme, including investment decisions and contribution schedules, lies with the Board of Trustees.

20.1.3 The Company's obligation as per the latest actuarial valuation in respect of defined benefit gratuity plans is as follows:

	Management		Non - management		Total	
	2014	Re-stated 2013	2014	Re-stated 2013	2014	Re-stated 2013
	----- (Rupees in □000) -----					
20.1.4 Balance sheet reconciliation						
Present value of defined benefit obligation	63,525	53,567	1,476	1,346	65,001	54,913
Fair value of plan assets	(38,851)	(27,120)	-	-	(38,851)	(27,120)
Payable / (receivable) from related parties in respect of transferees	1,429	(801)	-	-	1,429	(801)
Liability at end of the year	26,103	25,646	1,476	1,346	27,579	26,992
Less: payable within next twelve months	26,103	25,646	-	-	26,103	25,646
	<u>-</u>	<u>-</u>	<u>1,476</u>	<u>1,346</u>	<u>1,476</u>	<u>1,346</u>
20.1.5 Movement in the present value of defined benefit obligation						
Balance at beginning of the year	53,567	45,590	1,346	1,260	54,913	46,850
Current service cost	3,332	3,073	45	43	3,377	3,116
Interest cost	5,987	6,243	146	165	6,133	6,408
Benefits paid	-	(1,450)	(37)	(77)	(37)	(1,527)
Remeasurements on obligation (Payable)/receivable recognised in respect of transfers from related parties	2,071	(643)	(24)	(45)	2,047	(688)
	(1,432)	754	-	-	(1,432)	754
Balance at end of the year	<u>63,525</u>	<u>53,567</u>	<u>1,476</u>	<u>1,346</u>	<u>65,001</u>	<u>54,913</u>
20.1.6 Movement in the fair value of plan assets						
Balance at beginning of the year	27,120	16,919	-	-	27,120	16,919
Interest income	3,313	2,980	-	-	3,313	2,980
Contributions	7,555	8,222	-	-	7,555	8,222
Benefits paid	-	(1,450)	-	-	-	(1,450)
Remeasurements on plan assets	65	449	-	-	65	449
Amount transferred from other group companies	798	-	-	-	798	-
Balance at end of the year	<u>38,851</u>	<u>27,120</u>	<u>-</u>	<u>-</u>	<u>38,851</u>	<u>27,120</u>
20.1.7 Expense recognised in profit and loss account						
Current service cost	3,332	3,073	45	43	3,377	3,116
Net interest cost	2,674	3,263	146	165	2,820	3,428
	<u>6,006</u>	<u>6,336</u>	<u>191</u>	<u>208</u>	<u>6,197</u>	<u>6,544</u>

	Management		Non - management		Total	
	2014	Re-stated 2013	2014	Re-stated 2013	2014	Re-stated 2013
----- (Rupees in ₹000) -----						
20.1.8 Remeasurements recognised in other comprehensive income						
Actuarial (gain) / loss arising from change in:						
- demographic assumptions	(19)	-	1	-	(18)	-
- financial assumptions	642	(691)	14	(17)	656	(708)
Experience loss / (gain)	1,448	48	(39)	(28)	1,409	20
Remeasurement of defined benefit obligations	2,071	(643)	(24)	(45)	2,047	(688)
Remeasurement of fair value of plan assets	(65)	(449)	-	-	(65)	(449)
Net remeasurement loss / (gain)	2,006	(1,092)	(24)	(45)	1,982	(1,137)
20.1.9 Movement in net liability recognised						
Balance at beginning of the year	25,646	28,624	1,346	1,260	26,992	29,884
Charge for the year	6,006	6,336	191	208	6,197	6,544
Contributions made during the year	(7,555)	(8,222)	(37)	(77)	(7,592)	(8,299)
Remeasurements recognised in other comprehensive income	2,006	(1,092)	(24)	(45)	1,982	(1,137)
Balance at end of the year	26,103	25,646	1,476	1,346	27,579	26,992
Less: payable within next twelve months	26,103	25,646	-	-	26,103	25,646
	-	-	1,476	1,346	1,476	1,346
20.1.10 Composition of plan assets						
Debt securities	18,439	13,171	-	-	18,439	13,171
Mutual funds - units	20,245	13,946	-	-	20,245	13,946
Cash and others	167	3	-	-	167	3
	38,851	27,120	-	-	38,851	27,120

	Funded		Unfunded	
	2014	2013	2014	2013
----- (% per annum) -----				
20.1.11 Actuarial assumptions used				
Discount rate	13.00%	11.00%	13.00%	11.00%
Expected rate of increase in future salaries	12.00%	10.00%	12.00%	10.00%
Demographic assumptions				
- Mortality rates (for death in service)	SLIC (2001-05)	LIC (1975-79)	SLIC (2001-05)	LIC (1975-79)
- Rates of employee turnover	Moderate	Moderate	Moderate	Moderate

20.1.12 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions set-out above. The following table summarises how the net defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase	Decrease
		----- (Rupees in ₹000) -----	
Discount rate	1.00%	61,120	69,401
Increase in future salaries	1.00%	69,710	60,780
Withdrawal rates : light		64,678	
Withdrawal rates : high		65,201	

The sensitivity analysis are based on a change in an assumption while holding all other assumptions constants. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

20.1.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

20.1.14 Based on actuary's advice, the expected contribution for the year ending June 30, 2015 to management and non-management gratuity plans amounts to Rs.7,003 thousand and Rs.237 thousand respectively.

20.1.15 The weighted average duration of funded gratuity and un-funded gratuity is 6.94 years and 6.43 years respectively.

20.1.16 Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- (Rupees in ₹000) -----				
As at June 30, 2014					
Management staff	5,075	20,368	20,090	229,782	275,315
Non-management staff	138	110	684	4,748	5,680
	2014	2013	2012	2011	2010
	----- (Rupees in ₹000) -----				

20.1.17 Historical information

Funded

Present value of defined benefit obligation	63,525	53,567	45,590	52,903	48,703
Fair value of plan assets	(38,851)	(27,120)	(16,919)	(26,743)	(17,215)
Deficit	24,674	26,447	28,671	26,160	31,488
Loss / (gain) on obligation	2,071	(643)	(900)	4,909	88
Gain / (loss) on plan assets	65	449	(247)	6,886	(384)
Unfunded - Non management					
Present value of defined benefit obligation	1,476	1,346	1,260	1,277	1,195
Gain on obligation	(24)	(45)	(180)	(113)	(34)

Note **2014** 2013
----- (Rupees in ₹000) -----

20.2 Compensated leave absences

Balance at beginning of the year	44,479	39,668
Add: provision for the year	4,981	7,306
	49,460	46,974
Less: encashed during the year	1,195	2,495
Balance at end of the year	48,265	44,479

	Note	2014 ----- (Rupees in ₹000) -----	Re-stated 2013
21. DEFERRED TAXATION			
The liability for deferred tax comprises temporary differences relating to:			
Taxable temporary deference			
Accelerated tax depreciation		193,192	176,289
Deductible temporary differences			
Tax amortisation		558	65
Provision for impairment of available-for-sale investments		330	340
Provision for doubtful debts		705	514
Provision for gratuity		9,101	9,178
Provision for compensated leave absences		15,927	15,123
Provision for warranty		5,556	4,124
		32,177	29,344
		161,015	146,945
22. TRADE AND OTHER PAYABLES			
Trade creditors	22.1	60,807	105,740
Accrued liabilities	22.2	329,965	296,801
Provision for warranty	22.3	16,837	12,130
Customers advances and credit balances		384,864	285,813
Workers' profit participation fund	17.2	-	44,194
Provision for gratuity	20.1	26,103	25,646
Workers' welfare fund	22.4	20,872	16,794
Unclaimed dividend		13,410	9,345
Sindh government infrastructure fee	22.5	3,758	-
Other liabilities	22.6	3,731	3,093
		860,347	799,556

22.1 Trade creditors include Rs.1,180 thousand (2013: Rs.699 thousand) pertaining to related parties.

22.2 Accrued liabilities include Rs.155,357 thousand (2013: Rs.88,705 thousand) pertaining to related parties.

	Note	2014 ----- (Rupees in ₹000) -----	2013
22.3 Provision for warranty			
Balance at beginning of the year		12,130	9,819
Add: provision for the year	27.1	80,522	51,629
		92,652	61,448
Less: payments made during the year		75,815	49,318
Balance at end of the year		16,837	12,130
22.4 Workers' welfare fund			
Balance at beginning of the year		16,794	14,079
Add: charge for the year	31	20,872	16,794
		37,666	30,873
Less: payments made during the year		16,794	14,079
Balance at end of the year		20,872	16,794

22.5 This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The levy of infrastructure fee is disputed and various companies have filed appeals before the High Court of Sindh (the Court) which are pending adjudication. During the pendency of these appeals an interim arrangement has been agreed whereby bank guarantees furnished for consignments cleared upto December 27, 2006 have been returned and bank guarantees have been furnished for 50% of the levy for consignment released subsequent to December 27, 2006 while payment is made against the balance amount.

The Company, during the year, also filed an appeal in the Court and became party to subject controversy raised through various appeals. The Court, through its interim order, dated April 3, 2014 has granted the above mentioned interim relief to the Company and directed to take-up the petition alongwith identical petitions on the next date of hearing. Accordingly, the Company has provided bank guarantee amounting Rs.20 million in favour of Excise and Taxation Department, Government of Sindh for releasing the consignments imported from time to time and for the purpose of carriage of such goods by road within the province of Sindh. The management believes that the chances of success in the petition is in the Company's favour.

22.6 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.3,555 thousand (2013: Rs.2,920 thousand).

	Note	2014 ----- (Rupees in ₹000) -----	2013
23. ACCRUED MARK-UP			
Mark-up accrued on:			
- running finances		14,318	7,543
- demand finances	23.1	4,603	3,567
- import finances		808	-
		19,729	11,110
		19,729	11,110

23.1 Includes mark-up amounting Rs.2,295 thousand due to Meezan Bank Limited. - an Associated Company.

	Note	2014 ----- (Rupees in ₹000) -----	2013
24. SHORT TERM BORROWINGS - Secured			
Running finances	24.1	891,044	162,416
Demand finances	24.2 & 24.3	299,695	454,275
Import finances	24.4	431,752	-
		1,622,491	616,691
		1,622,491	616,691

24.1 Running finance facilities available from various banks under mark-up arrangements aggregate to Rs.1,960,000 thousand (2013: Rs.1,500,000 thousand). These finance facilities carry mark-up at the rates ranging from 9.38% to 11.98% (2013: 9.52% to 14.05%) per annum and mark-up is payable on quarterly basis.

24.2 Demand finance facilities aggregating Rs.1,200,000 thousand (2013: Rs.950,000 thousand) are also available to the Company from various banks as sub-limits of above mentioned running finance facilities. These facilities carry mark-up at the rates ranging from 8.80% to 10.76% (2013: 9.46% to 12.52%) per annum.

24.3 Includes Rs.149,695 thousand payable to Meezan Bank Limited - an Associated Company.

24.4 FE-25 facilities aggregating Rs.1,340,000 thousand (2013: Rs.1,240,000 thousand) are available from various banks as sub-limits of above mentioned running finance facilities. The rates of mark-up of these facilities during the year ranged from 1.51% to 3.00%.per annum.

24.5 The above mentioned finance facilities are secured against joint pari passu hypothecation charge on stock-in-trade and trade debts and are expiring on various dates upto May 31, 2015.

24.6 The facilities for opening letters of credit and guarantees as at June 30, 2014 aggregated to Rs.2,320,000 thousand (2013: Rs.2,225,000 thousand) of which the amount remained unutilized at year end aggregated to Rs.1,707,694 thousand (2013: Rs.1,651,545 thousand). These facilities are secured against joint pari passu hypothecation charge on stock-in-trade and trade debts and lien on import documents.

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 The Company received two notices under section 37 of the Sales Tax Act, 1990 (the Act) from the Directorate General of Intelligence and Investigation, Federal Board of Revenue (FBR), Karachi on March 21, 2011 and June 9, 2011. In the said notices it has been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.19.99 million which according to them is illegal / inadmissible. Despite the stand of the Company that it purchased goods from the registered suppliers and was compliant of other regulatory requirements, it under extreme unauthorized pressure by the Directorate, deposited Rs.2.317 million on June 27, 2011 (disclosed as other receivable) in the Government Treasury without prejudice to its right to contest the case at the legal forums and claim refund of the amount deposited. The Directorate General of Intelligence and Investigation, FBR, Karachi issued contravention report and forwarded the case to large tax payers unit, Karachi for adjudication. The Deputy Commissioner Inland Revenue (DCIR) passed orders against the Company which was challenged by the Company before the Commissioner Inland Revenue (Appeals-I) [CIR(A)], Karachi.

The CIR(A) has set aside the orders passed by DCIR with direction to allow the claim of input sales tax by revisiting / confirming the status of alleged vendors and examining the complete procurement and payment procedures to ascertain whether they fulfil the conditions of section 73 of the Act. Deputy Commissioner Inland Revenue (DCIR) under the directions of Commissioner Inland Revenue (Appeals-I) [CIR(A)], revisited / confirmed the status of alleged vendors and examined the complete procurement & payment procedures of the Company and found the Company in compliance with these directions. Accordingly, DCIR has vacated the impugned show cause notice and stated that the Company was legally entitled to claim the input tax adjustment of Rs.19.99 million.

25.1.2 The Company also received another notice from the Directorate of Intelligence and Investigation, FBR, Lahore in which it had been alleged that the Company purchased goods from certain suppliers who were registered with Regional Tax Offices, but were fake and issued sales tax invoices to the Company on the basis of which the Company claimed input tax adjustment amounting to Rs.29.066 million which according to them was illegal / inadmissible. The name of the Company along with 135 companies and other individuals had therefore been included as an accused person in the First Information Report (FIR) No.04/2011 dated March 26, 2011 registered by the Additional Director, Intelligence and Investigation, FBR, Lahore. The Company has, therefore, filed a Constitutional Petition in the Honourable Lahore High Court (the Court) and prayed to quash the FIR against the Company and declare the notice illegal. The Court has granted stay order and advised the concerned authorities to restrain from further proceeding with the matter. The matter is still pending before the Court for finalization.

25.1.3 Assistant Commissioner Inland Revenue (ACIR), Karachi during the year, has issued two show cause notices dated March 3, 2014 and April 7, 2014 under section 11(4) of the Act and it has been alleged that the Company had purchased goods from certain suppliers whose status were found as blacklisted on FBR web portal, therefore, the amount of input tax adjustment aggregating Rs.14.09 million is inadmissible under section 7 and section 8(1)(d) of the Act. ACIR on March 11, 2014 and April 17, 2014, against these show cause notices, passed final orders and concluded that input tax adjusted against the blacklisted suppliers is inadmissible and recovery of such input tax adjustment alongwith penalty and default surcharge should be made. The Company has filed appeals before the Commissioner Inland Revenue (Appeal-I) against the abovementioned orders, which is pending adjudication.

In the above cases, the management is of the view that the Company has been purchasing taxable goods from active taxpayers and has been compliant of regulatory requirements in order to claim valid input tax under section 7 of the Act. The Company has also been filing monthly sales tax returns electronically which were accepted by the web portal of FBR which indicates that tax payers are active. The fake and blacklisted suppliers as alleged in the FIR and orders were registered and active at the time of purchase of goods and were filing their sales tax returns which were accepted by the web portal of FBR. As such there was no reason to doubt the legitimacy of these suppliers. The management also explained that the goods supplied by the alleged fake and blacklisted suppliers were physically received and payments were made through cross cheques in compliance with the requirements of section 73 of the Act. The management is confident that the matters mentioned in notes 25.1.2 and 25.1.3 will also be decided in favour of the Company and it will not be exposed to any loss on this account. The Company has, therefore, made no provision in these financial statements in respect of any liability which may arise as a consequence of the said notices and orders.

25.1.4 Outstanding bank guarantees

Guarantees aggregating Rs.30,720 thousand (2013: Rs.14,320 thousand) are issued by various commercial banks on behalf of the Company to Sui Southern Gas Co. Ltd. and Excise and Taxation Department (2013: Sui Southern Gas Co. Ltd. and Karachi Electric Supply Co. Ltd.).

2014 2013
----- (Rupees in ₹000) -----

25.2 Commitments

25.2.1 Commitments in respect of confirmed letters of credit relating to:

- raw materials, stores, spares and loose tools
- capital expenditure

446,065	449,369
135,971	109,766
<u>582,036</u>	<u>559,135</u>

25.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2014 aggregated to Rs.167,777 thousand (2013: Rs.13,144 thousand).

		2014	2013
		----- (Rupees in ₹000) -----	
26. SALES - Net			
Manufacturing activity			
- local sales		15,149,463	11,134,864
- export sales		46,464	53,534
Trading activity - local sales		442,832	-
		<u>15,638,759</u>	<u>11,188,398</u>
Less:			
- sales tax		2,418,217	1,471,407
- trade discount and incentives		977,823	841,877
		<u>3,396,040</u>	<u>2,313,284</u>
		<u>12,242,719</u>	<u>8,875,114</u>
			Re-stated
	Note	2014	2013
		----- (Rupees in ₹000) -----	
27. COST OF SALES			
Opening stock of finished goods		87,289	51,567
Cost of goods manufactured	27.1	10,288,115	7,595,348
Purchases		357,485	-
		<u>10,645,600</u>	<u>7,595,348</u>
Closing stock of finished goods		(111,728)	(87,289)
		<u>10,621,161</u>	<u>7,559,626</u>
27.1 Cost of goods manufactured			
Opening work-in-process		420,263	320,719
Raw materials and components consumed	27.2	8,499,709	6,396,130
Salaries, wages and benefits	27.3	436,884	342,371
Stores consumed		234,505	172,510
Light, heat and water		667,042	384,451
Insurance		27,202	15,951
Rent, rates and taxes		117,718	62,585
Repair and maintenance		52,922	38,149
Royalty and related taxes		105,757	104,793
Cartage		13,469	8,826
Travelling, conveyance and entertainment		25,372	17,533
Postage and telephone		2,139	1,828
Printing and stationery		2,029	1,981
Vehicle running		1,456	1,133
Depreciation	6.3	113,605	91,375
Free replacement	22.3	80,522	51,629
Other manufacturing expenses		4,934	3,647
		<u>10,805,528</u>	<u>8,015,611</u>
Closing work-in-process		(517,413)	(420,263)
Cost of goods manufactured		<u>10,288,115</u>	<u>7,595,348</u>
27.2 Raw materials and components consumed			
Opening stock		959,142	422,203
Purchases		9,395,426	6,933,069
		<u>10,354,568</u>	<u>7,355,272</u>
Closing stock		(1,854,859)	(959,142)
		<u>8,499,709</u>	<u>6,396,130</u>
27.3	Salaries, wages and benefits include Rs.2,207 thousand (2013: Rs.2,130 thousand) and Rs.4,818 thousand (2013: Rs.4,175 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.		

	Note	2014 ----- (Rupees in □000) -----	Re-stated 2013
28. DISTRIBUTION COST			
Salaries and benefits	28.1	44,192	46,161
Travelling, conveyance and entertainment		13,540	10,790
Vehicle running		93	235
Rent, rates and taxes		12,424	10,986
Advertisement and sales promotion		37,672	26,317
Repair and maintenance		786	1,965
Light, heat and water		4,262	3,763
Freight and forwarding		138,099	100,417
Printing and stationery		397	396
Postage and telephone		2,136	2,829
Depreciation	6.3	3,521	2,897
Amortisation	7.1	325	-
Services charges		738	1,139
Insurance		33,638	26,887
Newspapers, magazines and subscription others		550	482
		<u>292,373</u>	<u>235,264</u>

28.1 Salaries and benefits include Rs.959 thousand (2013: Rs.1,101 thousand) and Rs.1,639 thousand (2013: Rs.1,341 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

	Note	2014 ----- (Rupees in □000) -----	Re-stated 2013
29. ADMINISTRATIVE EXPENSES			
Directors' meeting fee		220	180
Salaries and benefits	29.1	111,896	121,273
Travelling, conveyance and entertainment		12,244	9,958
Rent and rates		8,942	8,112
Repair and maintenance		1,168	1,296
Light, heat and water		2,859	2,771
Insurance		3,432	3,376
Legal and professional charges		8,219	2,239
Fee and subscription		11,055	11,638
Postage and telephone		1,330	1,089
Printing and stationery		1,421	1,348
Vehicle running		1,010	849
Training expense		2,568	4,753
Depreciation	6.3	13,217	13,607
Amortisation	7.1	1,944	1,152
Donation	29.2	8,229	6,897
		<u>189,754</u>	<u>190,538</u>

29.1 Salaries and benefits include Rs.3,031 thousand (2013: Rs.3,313 thousand) and Rs.5,465 thousand (2013: Rs.4,827 thousand) in respect of staff retirement benefits gratuity and provident / pension funds respectively.

29.2 Donation of Rs.8,229 thousand (2013: Rs.6,897 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman of the Company, is trustee of the Foundation.

	Note	2014 ----- (Rupees in ₹000) -----	2013 ----- (Rupees in ₹000) -----
30. OTHER INCOME			
Income from financial assets			
Gain on sale of investments		12	-
Net change in fair value of investments at fair value through profit or loss		1,697	2,024
Income from investments in related parties			
Gain on sale of investments		3,769	5,590
Net change in fair value of investments at fair value through profit or loss		76,960	66,797
Income from assets other than financial assets			
Commission income		7,406	-
Scrap sales		13,934	11,898
Gain on sale of operating fixed assets	6.5	5,443	-
		<u>109,221</u>	<u>86,309</u>
31. OTHER EXPENSES			
Auditors' remuneration	31.1	1,309	1,309
Workers' profit participation fund	17.2	54,929	44,194
Workers' welfare fund	22.4	20,872	16,794
Loss on sale of operating fixed assets	6.5	-	13,026
Provision for doubtful debts	13.1	624	1,512
Exchange loss - net		22,125	15,146
		<u>99,859</u>	<u>91,981</u>
31.1 Auditors' remuneration			
Fee for:			
Annual audit		1,000	1,000
Half yearly review		70	70
Review of Code of Corporate Governance		68	68
Audits of retirement funds and workers' profit participation fund		73	73
Certifications for payment of royalty, and dividend		83	83
Out-of-pocket expenses		15	15
		<u>1,309</u>	<u>1,309</u>
32. FINANCE COST			
Mark-up on:			
- running finances		68,612	27,709
- demand finances - related party		2,941	23,997
- demand finances - others		47,042	-
- import finances		954	-
		<u>119,549</u>	<u>51,706</u>
Interest on workers' profit participation fund	17.2	91	1,226
Other financial charges		6,385	7,014
		<u>126,025</u>	<u>59,946</u>
			Re-stated
		2014	2013
		----- (Rupees in ₹000) -----	
33. TAXATION			
Current			
- for the year		262,816	225,912
- for prior year		4,078	(165)
		<u>266,894</u>	<u>225,747</u>
Deferred			
- origination and reversal of temporary differences		19,046	19,574
- impact of change in tax rate		(4,322)	(4,139)
		<u>14,724</u>	<u>15,435</u>
		<u>281,618</u>	<u>241,182</u>

- 33.1** The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	2014 ----- (Rupees in ₹000) -----	Re-stated 2013
Profit before taxation	1,022,768	824,068
Tax at the applicable rate of 34% (2013: 35%)	347,741	288,424
Tax effect of expenses, which are not deductible for tax purposes and are taken to profit and loss account	86,335	52,823
Tax effect of expenses, which are deductible for tax purposes but are not taken to profit and loss account	(103,741)	(70,516)
Tax effect of income subject to lower tax rate and final tax regime	(1,811)	(2,655)
Tax effect of income exempt from tax	(26,743)	(24,087)
Effect of tax credits	(38,965)	(18,077)
Effect of prior years' tax	4,078	(165)
Deferred taxation	14,724	15,435
	<u>281,618</u>	<u>241,182</u>

34. EARNINGS PER SHARE

34.1 Basic earnings per share

Net profit for the year	741,150	582,886
	----- Number of shares -----	
Weighted average ordinary shares in issue	17,399,769	17,399,769
	----- Rupees -----	
Earnings per share	42.60	33.50

Corresponding figures of weighted average number of shares and earnings per share have been restated to include the effect of bonus shares issued by the Company during the year.

34.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2014 and June 30, 2013 which would have any effect on the earnings per share if the option to convert is exercised.

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements of the year for remuneration including certain benefits to the Chief Executive, certain Directors and executives of the Company are as follows:

	Chief Executive		Director		Executives	
	2014	2013	2014	2013	2014	2013
	----- (Rupees in ₹000) -----					
Managerial remuneration	9,669	7,977	14,512	7,335	67,599	64,107
House rent and utilities	6,768	5,584	10,158	5,134	47,379	44,904
Bonus	3,150	5,650	6,666	5,195	22,209	48,764
Retirement benefits	1,429	1,239	2,796	1,846	10,624	10,108
Medical and others	116	153	416	246	4,654	4,793
	<u>21,132</u>	<u>20,603</u>	<u>34,548</u>	<u>19,756</u>	<u>152,465</u>	<u>172,676</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>60</u>	<u>54</u>

- 35.1** The Chief Executive and certain Directors are provided with free use of Company maintained cars and telephones at residences. Certain executives are also provided with the Company's vehicles.

35.2 Remuneration to other directors

Aggregate amount charged in these financial statements for meeting fee to three (2013: two) directors was Rs.220 thousand (2013: Rs.180 thousand).

36. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Associated Companies, directors of the Company, companies in which directors are interested, key management personnel, post employment benefit plans and close members of the families of the directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment and remuneration of key management personnel is disclosed in note 35. Amounts due from and to related parties are shown under receivables and payables. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2014 ----- (Rupees in ₹000) -----	2013
(i) Associates	Sales:		
	- goods	959,071	380,647
	- operating fixed assets	1,522	2,276
	Purchases of:		
	- goods and services	1,882,783	32,702
	- operating fixed assets	19,226	38,186
	- intangible assets	-	2,338
	Rent / service charges paid	128,850	72,767
	Commission paid	117,139	160,021
	Commission received	7,406	-
	Mark-up on demand finances	2,941	-
	Mark-up paid	3,257	-
	Reimbursement of expenses	3,218	5,432
	Expenses charged	-	146
	Insurance premium	123,183	93,679
	Insurance claims	6,427	2,767
	Purchase of units in mutual funds	105,000	364,982
	Sales of units in mutual funds	85,000	180,000
	Dividend paid	112,291	93,576
	Sale proceeds of bonus fractions	127	93
	Royalty	118,239	88,705
Donation paid	8,229	6,897	
Contribution to pension funds	6,130	5,194	
		----- Number of shares -----	
	Bonus shares issued	2,245,826	1,871,520
		----- Rupees in ₹000 -----	
(ii) Staff retirement funds	Contributions paid to:		
	- gratuity funds	7,555	8,222
	- provident fund	5,792	5,149
(iii) Key management personnel	Salaries and other short term employment benefits	101,097	106,128

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency risk, interest rate risk and other price risk).

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management program focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

(a) **Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Credit risk mainly arises from trade deposits, trade debts, loans and advances, investments, other receivables and balances held with banks.

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk aggregated to Rs.1,001,422 thousand (2013: Rs.842,759 thousand) as at June 30, 2014. Out of the total financial assets credit risk is concentrated in investments in mutual fund securities, trade debts and deposits with banks as they constitute 97% (2013: 98%) of the total financial assets. The maximum exposure to credit risk at the end of the reporting period is as follows:

	2014 ----- (Rupees in '000) -----	2013 -----
Long term deposits	13,916	10,555
Long term loans	1,227	657
Trade debts	142,345	79,987
Loans and advances	1,804	1,486
Short term deposits	3,121	3,671
Investments	824,925	711,544
Other receivables	7,995	1,804
Bank balances	6,089	33,055
	<u>1,001,422</u>	<u>842,759</u>

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties.

All the trade debts at the reporting date represent domestic parties.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer are as follows:

	2014		2013	
	Rupees in '000	%	Rupees in '000	%
Original Equipment and Institutions	41,768	28.91	36,535	44.83
Associated Companies	100,563	69.60	37,849	46.44
Dealers	2,150	1.49	7,115	8.73
	<u>144,481</u>	<u>100</u>	<u>81,499</u>	<u>100</u>

The credit quality of loans, advances, deposits and other receivables can be assessed with reference to their historical performance with no or negligible defaults in recent history and no losses incurred. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit risk on liquid funds maintained with banks and investment in mutual fund securities is limited as such banks and funds enjoy reasonable high credit ratings. Accordingly, management does not expect any counter party to fail in meeting their obligations.

The credit quality of the Company's bank balances and investments can be assessed with reference to the external credit ratings as follows:

Name of Bank	agency	Rating		2014	2013
		short-term	long-term	---(Rupees in '000)---	---
MCB Bank Limited	PACRA	A1+	AAA	5,970	1,612
Summit Bank Limited	JCR-VIS	A-3	A-	9	9
National Bank of Pakistan	JCR-VIS	A-1+	AAA	-	5
Meezan Bank Limited	JCR-VIS	A-1+	AA	110	2
Barclays Bank PLC, Pakistan	Moody's	P-1	A2	-	57
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	-	179
Habib Bank Limited	JCR-VIS	A-1+	AAA	-	1,071
				<u>6,089</u>	<u>2,935</u>

Mutual funds	Agency	Rating	2014	2013
			---(Rupees in '000)---	
Atlas Money Market Fund	PACRA	AA+(f)	182,117	244,942
Atlas Stock Market Fund	PACRA	4 star	83,729	66,526
Atlas Income Fund	PACRA	A+(f)	388,647	306,749
Atlas Islamic Stock Fund	PACRA	4 star	76,271	64,909
ABL Income Fund	JCR-VIS	A+(f)	-	8,527
UBL Liquidity Plus Fund	JCR-VIS	AA+(f)	-	3,018
HBL Money Market Fund	JCR-VIS	AA(f)	41,070	16,873
Atlas Gold Fund			53,091	-
			<u>824,925</u>	<u>711,544</u>

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analysis the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying Amount	Contractual cash flows	Maturity upto one year
	------(Rupees in '000)-----		
June 30, 2014			
Trade and other payables	428,508	428,508	428,508
Accrued mark-up	19,729	19,729	19,729
Short term borrowings	1,622,491	1,650,956	1,650,956
	<u>2,070,728</u>	<u>2,099,193</u>	<u>2,099,193</u>

	Carrying Amount	Contractual cash flows	Maturity upto one year
	------(Rupees in '000)-----		
June 30, 2013			
Trade and other payables	427,109	427,109	427,109
Accrued mark-up	11,110	11,110	11,110
Short term borrowings	616,691	618,588	618,588
	<u>1,054,910</u>	<u>1,056,807</u>	<u>1,056,807</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at June 30, 2014.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

This exist due to the foreign currency transactions such as import of raw materials, stores, spares, plant & machinery and export of batteries. The Company's exposure to foreign currency risk at the reporting date is as follows:

	2014		2013	
	Rupees in '000	U.S. Dollars	Rupees in '000	U.S. Dollars
Trade and other payables	4,762	48,218	-	-
Short term borrowings	431,752	4,372,177	-	-
Net balance sheet exposure	<u>436,514</u>	<u>4,420,395</u>	<u>-</u>	<u>-</u>

Exchange rate of 98.75 (2013: 98.80) for US Dollar to Rupee has been applied.

As at June 30, 2014, if the Rupee had strengthened / weakened by 5% against U.S. Dollar with all other variables held constant, profit before taxation for the year would have been higher / (lower) by Rs.21,826 thousand (2013: Rs.Nil) mainly as a result of foreign exchange gain / (loss) on translation of foreign denominated financial liabilities.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

The Company's interest rate exposure mainly arises from its short term borrowings and as at June 30, 2014, the Company's interest bearing financial liabilities aggregated to Rs.1,622,491 thousand (2013: Rs.616,691 thousand).

As at June 30, 2014, if the interest rate on the Company's borrowings had been higher / (lower) by 1% with all other variables held constant, profit before tax for the year would have been (lower) / higher by Rs.16,225 thousand (2013: Rs.6,167 thousand) mainly as a result of higher / (lower) interest expense.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / borrowings of the Company.

Other price risk

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

The Company's investments in mutual fund securities amounting to Rs.824,925 thousand (2013: Rs.711,544 thousand) are exposed to price risk due to changes in Net Asset Value (NAV) of such funds.

As at June 30, 2014, if fair value (NAV) had been 1% higher / lower with all other variables held constant profit before tax for the year would have higher / (lower) by Rs.8,249 thousand (2013: Rs.7,115 thousand).

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / investments of the Company.

37.2 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares. There was no change to the Company's approach to capital management during the year.

37.3 Fair value estimation

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The Company's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs.824,925 thousand (2013: Rs.711,544 thousand). The carrying values of other financial assets and liabilities reflected in the financial statements approximate their fair value.

38. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment.

38.1 Information about products

Battery sales represent 96.58% (2013:99.95%) of the total revenue of the Company.

38.2 Information about geographical areas

All non-current assets of the Company as at June 30, 2014 are located in Pakistan.

99.62% (2013: 99.40%) of the Company's sales relate to customers in Pakistan.

38.3 Information about customers

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

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

40. NUMBER OF EMPLOYEES

	2014	2013
Total number of employees as at June 30,	244	201
Average number of employees during the year	220	195

41. PROVIDENT FUND RELATING DISCLOSURE

41.1 The following information is based on unaudited financial statements of the Fund for the year ended June 30, 2014:

	2014 ----- (Rupees in □000) -----	2013 ----- (Rupees in □000) -----
Size of the Fund	174,794	158,856
Cost of investments made	120,636	120,324
Percentage of investments made	97.55%	98.95%
Fair value of investments	170,507	157,183

41.2 The break-up of fair value of investments is as follows:

	2014 ---(Percentage)---	2013 ---(Percentage)---	2014 ---(Rupees in □000)---	2013 ---(Rupees in □000)---
Special account in a scheduled bank	1.15	0.72	2,008	1,143
Debt securities	83.51	81.23	145,974	129,044
Mutual fund units	12.89	16.99	22,525	26,996

41.3 The investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on August 26, 2014, has proposed following appropriations:

	2014 ----- (Rupees in □000) -----	2013 ----- (Rupees in □000) -----
Cash dividend at the rate of 100% (2013: 100%)	173,998	144,998
Bonus shares at the rate of Nil% (2013: 20%)	-	29,000
Transferred to General Reserves	550,000	410,000

These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in year ending June 30, 2015.

43. CORRESPONDING FIGURES

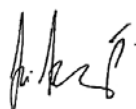
Prior year's figures have been restated consequent to the retrospective application of IAS 19 (Revised), as more fully explained in note 5. Other corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on August 26, 2014 by the Board of Directors of the Company.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Omar Saeed
Director

Others



Maximum Power for HTV

GX-165

This battery has 21 plates in each of its 6 cells and a central polarity. It is used by the following brands: Fiat Tractors 640, Hino Trucks and Buses & Hino Bowzer

GX-175

This battery has 23 plates in each of its 6 cells and a central polarity. It is used by the following brands: Bedford Trucks, Fiat Tractors 640, Mazda Coaster, Isuzu & Generator Sets

GX-200F

This battery has 27 plates in each of its 6 cells and a central polarity. It is used by the following brands: Bedford Trucks, Fiat Tractors 640, Construction Equipment and Vehicles & Generator Sets



GLOSSARY OF TERMS

AGS	Atlas Genzo Shimadzu
B2C	Business to Consumer
BCP	Business Continuity Plan
BRP	Business Process Re-engineering
CDS	Central Depository System
CEO	Chief Executive Officer
CGLS	Corporate Governance Leadership Skills
CIR (A)	Commissioner Inland Revenue (Appeals I)
CLA	Corporate Law Authority
CNIC	Computerized National Identity Card
CSR	Corporate Social Responsibility
DCIR	Deputy Commissioner Inland Revenue
DFI	Development Financial Institution
DPS	Dividend Per Share
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GDP	Gross Domestic Product
GIKEST	Ghulam Ishaq Khan Institute of Engineering Sciences and Technology
HAPCL	Honda Atlas (Private) Company Limited
HR	Human Resource
IBA	Institute of Business Administration
ICP	Investment Corporation of Pakistan
IFAC	International Federation of Accounting
IFRS	International Financial Reporting Standards
IT	Information Technology
KSE	Karachi Stock Exchange
LSE	Lahore Stock Exchange
LUMS	Lahore University of Management Sciences
MAP	Management Association of Pakistan
NAV	Net Asset Value
NBFC	Non-Banking Financial Company
NCCPL	National Clearing Company Pakistan Limited
NGO	Non-Governmental Organization
NIT	National Investment Trust
OEM	Original Equipment Manufacturer
PAMA	Pakistan Automotive Manufacturers Association
PAT	Profit After Taxation
PBT	Profit Before Taxation
PICG	Pakistan Institute of Corporate Governance
PKR	Pakistan Rupee
PUC	Projected Unit Cost
UK	United Kingdom
UPS	Uninterruptible Power Supply
USA	United States of America
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund



Atlas Group Companies

*Year of Establishment /
Acquisition**



Shirazi Investments

1962



Atlas Honda

1962



Atlas Battery

1966



Shirazi Trading

1975



Atlas Insurance

1980*



Atlas Engineering

1981*

HONDA Honda Atlas Cars

1992

HONDA 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

PRODUCT TYPES AND THEIR APPLICATION

Product Type		Application	
Light Batteries			
CGR30	7 PL	CGR30	CNG Rickshaw
GX43	9 PL	NS40SR	Suzuki Van / Pick-up, Subaru Van / Pick-up (old models) (600cc to 800cc)
GL43	9 PL	NS40SR	Suzuki Car / Van / Pick-up, Jeep, Subaru Car / Van / Pick-up, Charade Petrol (800cc to 1000cc)
GL48	9 PL	NS40ZL 9PL	Suzuki Mehran, Daihatsu Cuore, Kia Classic, All CNG converted vehicles (800cc to 1000cc)
GL50	11 PL	NS40ZL 11PL	All types of vehicles (800cc to 1300cc)
CNG60	13 PL	N40	Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc to 1800cc)
GR65	13 PL	NS60	
GL65	13 PL	NS60L	
GR70	9 PL	N50	Honda Accord, Honda CRV, Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz, Willys Jeeps, MF375 Tractors, Hyundai, Daewoo (2000cc to 6000cc)
80D26R	11 PL	N50Z	
GR85	13 PL	N70 EXTRA	
GL85	13 PL	N70 EXTRA L	
Medium Batteries			
GR87	11 PL	NS70	Toyota Hi-Ace, Mercedes Benz, Isuzu Bus JCR 520zz, Massey Ferguson Tractors, MF-210 Cruiser, Toyota Hi-Lux, Nissan Diesel Pick-up, Ford 1910 Tractor (2000cc to 6000cc)
GR95	13 PL	N70Z	
GR100	15 PL	N85P	
GL100	15 PL	N85L	
6FT120	15 PL	6FT15	
N125	17 PL	N100S	Fiat Tractors 460 / 480, IMT 540 Tractors, Massey Ferguson Tractors 240 / 265, Ford Wagons, Land Rover, Toyota Land Cruiser (3000cc to 6000cc)
GX132	17 PL		Isuzu Trucks, Mercedes Benz, Hino Truck ZH - 100, Fiat Tractors 640, Isuzu JCR 460R (3000cc to 6000cc)
GX135	19 PL	N100	
Heavy Batteries			
GX155	21 PL	N120S	Fiat Tractors 640, Hino Trucks and Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Isuzu Diesel Buses, Fiat Buses (3000cc to 12000cc)
GX165	21 PL	N120S	
GX175	23 PL	N140	Ford Tractor 3610 and 46
4DLT145	23 PL	N130S	
4DLT160	27 PL	N150S	
GL190	23 PL		Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Isuzu TD-72, Generator Sets, Road Rollers and Belarus Tractors
195G51F	25 PL	N150	
GX200R	27 PL	N175	
GX200F	27 PL	N190Z	
210H52	31 PL	N200P	Generator Sets, Road Roller, Bulldozer
245H52	33 PL	N200	
Motorcycle Battery			
GM2.53C2 CLASSIC	3 PL		Honda CD70, CG125, all Japanese and Chinese motorcycles
Distilled Water			
Battery Tonic	500 ML / 1000ML		Distilled water for all types of batteries

OUR VALUED OEM CUSTOMERS



Atlas Honda Limited



Honda Atlas Cars (Pakistan) Ltd.



Indus Motor Company Ltd.



Pak Suzuki Motor Company Ltd.



Al-Ghazi Tractors Limited



Sigma Motors Limited



DYL Motorcycles Ltd.



Gandhara Nissan Ltd.



Sazgar Engineering Works Ltd.



N.J. Auto Industries (Pvt) Ltd.



D.S. Motors (Pvt) Ltd.



Memon Motors (Pvt) Ltd.



HKF Engineering (Pvt) Ltd.



Super Asia Motors (Pvt) Ltd.



United Auto Industries (Pvt) Ltd.



Master Motor Corp. Ltd.



Afzal Motors (Pvt) Ltd.

September 03, 2014

To: All Shareholders of the Company

Remuneration of Chief Executive and Company Secretary
Information under Section 218 of the Companies Ordinance, 1984

It is to inform you that the Board has approved the remuneration for the following, for the year ending June 30, 2015.

1. Chief Executive at Rs. 19.20 million.
2. Company Secretary at Rs. 4.42 million.

Bonus, retirement benefits and other facilities are provided in accordance with Company's rules.

Yours truly
For Atlas Battery Limited



Rizwan Ahmed
Company Secretary



September 03, 2014

To: All Shareholders of the Company

Copy of Computerized National Identity Card (CNIC)

As per directions to all listed companies by Securities and Exchange Commission of Pakistan vide S.R.O. 779(1)/2011 dated August 18, 2011, the **□DIVIDEND WARRANT(S)□** should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or its authorized person(s).

For this purpose, please provide us a copy of your CNIC (if not provided earlier) **ON MOST URGENT BASIS** for compliance of the directions of SECP, failing which your future dividend warrant(s), if any, will be withheld till the compliance of the above referred notification.

You must mention your folio number on the face of your CNIC copy for identification.

Copy of your CNIC may please be sent to our Registered Office at the following address:

**Share Department
Atlas Battery Limited
D-181, Central Avenue
S.I.T.E.
Karachi-75730**

Shareholders are requested to immediately notify the change of address, if any.

Yours truly
For Atlas Battery Limited

Rizwan Ahmed
Company Secretary

Copy of the Notification of Securities and Exchange Commission of Pakistan dated August 18, 2011.

S.R.O. 779(1)/2011. In exercise of the powers conferred by section 506B of the Companies Ordinance, 1984 (XL VII of 1984), the Securities and Exchange Commission of Pakistan is pleased to direct all the listed companies to issue dividend warrant(s) only crossed as "A/C payee only" in the name of registered member or in the name of authorized person where a registered member authorizes the company to pay dividend on his behalf to any person. The dividend warrant(s) should also bear the Computerized National Identity Card Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.



September 03, 2014

To: All Shareholders of the Company

Dividend Mandate Form

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

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, we request to all the registered shareholders of Atlas Battery Limited holding _____ shares having folio number _____ to _____ hereby give the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

Please note that this dividend mandate is optional and not compulsory, in case you do not wish your dividend to be directly credited into your bank account, then the same shall be paid to you through the dividend warrants.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "√" any of the following boxes.

YES

NO

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of member / shareholder

The Secretary,
Atlas Battery Limited,
D-181, Central Avenue,
S.I.T.E.,
Karachi.

Affix
Revenue Stamp

Signature

Address

Date

Dear Sir,

SUBJECT: PROXY FORM

I / we the undersigned member(s) of Atlas Battery Limited holding _____ ordinary shares hereby appoint Mr. / Mrs. / Miss _____ of _____ or failing him / her Mr. / Mrs. / Miss _____ of _____ being member of the Company as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held at 2nd Floor, Federation House, Sharae Firdousi, Clifton, Karachi on September 26, 2014 at 9:30 a.m. and at every adjournment thereof.

(1) _____ (2) _____

(3) _____ (4) _____

Signature(s)

(1) _____

(2) _____

(3) _____

(4) _____

Name(s)

Signature in the presence of

Name of Witness

Address

Signature

Date



The Secretary
Atlas Battery Limited
D-181, Central Avenue,
S.I.T.E.,
Karachi-75730

AFFIX
POSTAGE

Fold Here

Fold Here

Fold Here

Fold Here

Atlas Battery Limited

D-181, Central Avenue, S.I.T.E., Karachi-75730

Ph: (92-21) 32567990-4,

Fax: (92-21) 32564703

E-mail: abl@atlasbattery.com.pk

Website: www.atlasbattery.com.pk