ANNUAL REPORT 2013

Atlas Engineering

Organisation
development
through
self development

Atlas Engineering

ISO 9002 Certified

UKAS

001

PISTON & RADIATOR
MANUFACTURING FACILITIES

Vision

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

Mission

To realize vision by:

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

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

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

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

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Company Information

An inside view of AEL Factory

Board of Directors

Yusuf H. Shirazi
Chairman

Ali H. Shirazi
Director

Bashir Makki
Director

Frahim Ali Khan
Director

Khaleeq-ur-Rahman Khan
Director

Suhail Ahmed
Director

Sadaqat Ali
Chief Executive Officer

Danyal Ahmed Rasheed
Company Secretary

Management Committee

Sadaqat Ali
Chief Executive Officer

Shakil Ahmed
Chief Financial Officer

Mushtaq Alam
General Manager Information Technology

Mohammad Arshad Siddiqui
General Manager Plant

Munzim Ahmed Vahidy
General Manager Quality Assurance

Rashid Ahmed
General Manager Supply Chain

Abdul Sattar
Head of Human Resource & Administration

Faisal Mehmood
Manager Sales & Marketing

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

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

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Bankers

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

Registered Office and Factory

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

Share Registrar

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

Sales Offices

Lahore Office:
Salam Chambers, 1st Floor, 2-Kothalia Building
Mcleod Road, Lahore
Phones: 042-37354245 & 37227075
Fax: 042-37352724
Mobile: 0333-4642589 & 0307-4606099

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

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

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

Notice of the Annual General Meeting

Notice is hereby given that the 51st Annual General Meeting of Atlas Engineering Limited will be held at 2nd Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi on October 12, 2013 at 10:00 a.m. to transact the following business:

1. To confirm the minutes of Annual General Meeting held on October 15, 2012.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2013.
3. To consider and approve cash dividend of Rs. 1.50 per share, i.e., 15% for the year ended June 30, 2013.
4. To appoint Auditors for the year 2013-2014 and to fix their remuneration.

Special Business

5. To consider and approve change in financial year of the company and if deemed fit pass the following resolution.

RESOLVED

"that the change in financial year of the Company from July to June to April to March with effect from the period commencing from July 1, 2013 be and is hereby approved. The financial period which commenced from July 1, 2013 will be closed on March 31, 2014 and thereafter, every financial year will commence on April 1 and will be closed on March 31."

FURTHER RESOLVED

"the Chief Executive Officer or any other person nominated by him be and is hereby authorized to complete all the legal formalities required for the change in financial year."

By order of the Board

Danyal Ahmed Rasheed
Company Secretary

Karachi
September 11, 2013

NOTES:

i) The share transfer books of the Company will remain closed from October 06, 2013 to October 12, 2013 (both days inclusive).

ii) A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy must be received at the Company's Registered Office not less than 48 hours before the time of holding of the meeting.

iii) No person shall act as proxy unless he is a member of the Company. Signature of shareholder on Proxy Application must agree with the specimen signature registered with the Company. Appropriate revenue stamp should be affixed on the Proxy Application.

iv) For the convenience of the shareholder, a Proxy Application Form is attached with this report.

v) Shareholders are requested to immediately notify the Registrar of any change in their addresses.

vi) Any individual beneficial owner of the Central Depository Company of Pakistan Limited (CDC), entitled to vote at this meeting must bring his/her Computerized National Identity Card (CNIC) with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring their usual documents required for such purpose.

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

The Board of Directors of the Company recommend to change the financial year of the Company from July - June to April - March with effect from the period commencing on July 1, 2013. Accordingly, if the resolution for change in the financial year is approved in the Annual General Meeting, the financial period 2013-2014 which commenced on July 1, 2013 will end on March 31, 2014. Thereafter every year, the financial period will commence on July 1 and end on March 31. The major reason for change in financial year is to align business operations with major customer whose financial year is April to March. This will help in better planning, forecasting and budgeting.

Chairman's Review

It is my pleasure to present to you the 51st annual performance report of the Company for the period ended June 30, 2013.

The Economy

Despite facing numerous challenges, the Pakistan economy is showing signs of stability. The stock market touched the ever-highest level with the help of good corporate results and foreign buying which is a manifestation of the high confidence level of foreign investors. Inflation fell significantly and remained within single digit throughout the year largely due to better supply of major crops. Consequently, SBP lowered its discount rate by a cumulative 300 bps during the year under review.

The GDP growth rate for the year 2012-13 was initially targeted to be 4.3 percent; however, due to persisting energy crisis it has been revised downwards to 3.6 percent. The recent heavy rains and subsequent floods may also take a toll on the economy.

The Agriculture sector recorded a lower growth of 3.3 percent against the previous year's growth rate of 3.5 percent. However, the Large Scale Manufacturing sector grew by 2.8 percent as compared to the growth of 1.2 percent of last year. Pak Rupee (PKR) depreciated by 4.9 percent against USD during the period under review.

On external front, foreign remittances inflow witnessed growth of 5.5 percent as it reached USD 13.92 billion during the year 2012-13. Exports increased by 3.78 percent to USD 24.518 billion and imports increased by just 0.08 percent to USD 44.9 billion, translating into a trade deficit of USD 20.43 billion. The foreign exchange reserves of the country have been reduced from USD 15.88 billion a year ago to USD 11 billion as of June 2013 as a result of successive installment payments under IMF's standby arrangement. However, the agreement on new loan from IMF will ease pressure on the currency as well as the reserves of the country.

Automobile Sector

Production and sales figures of the automobile sector reflects a declining trend during the year, except jeeps and tractors that have registered a growth at 67 and 34 percent respectively as compared to the corresponding period last year. Buses and cars registered a negative growth of 9 percent and 23 percent respectively due to multiple factors viz -a -viz the amnesty scheme, import of used cars and discontinuation of Suzuki Alto and Daihatsu Cuore cars. It was expected that the new version of Suzuki Mehran Euro II may cover-up the loss due to discontinuation of Alto and Cuore, but the subdued response of the market to the new model could not match the demand of the discontinued brands.

The Company

In the year 2012-13, the focus of your Company was only on core business activity of casting & machining of motorcycle parts and radiator to the 4 wheel industry, in which the Company has expertise. This approach was in line with the recent strategic shift and has proven to be beneficial for the Company.

Your Company grew reasonably well during the year 2012-13 due to increased sales to the motorcycle segment. As a result, the sales for the year 2012-13 was Rs. 2,358.43 million against Rs. 2,235.49 million for the corresponding period last year despite the discontinuation of diesel piston and cast iron businesses during the year under review.

Rising costs due to the impact of PKR depreciation against the USD was partially offset by reduction in import duties, cost savings due to effective Bills of Materials (BOM) management and efficient energy load management. Cost pressures were further offset by increasing productivity and improving sales; thus enabling the Company to remain competitive in the marketplace.

Rent Income

The year 2012-13 allowed the Company to venture into a new initiative of letting its idle space for rental purposes to group companies. An agreement with Atlas Metals (Pvt.) Limited and Atlas Battery Limited was signed and executed accordingly. This resulted in robust income during the year. Further, rental agreements with Atlas Hitec (Pvt.) Limited and Atlas Autos (Pvt.) Limited are also in process of preparation and registration, which will further improve the additional revenue income to the Company and also assist greatly in improving its 5S related activities.

Financial Highlights

During the year 2012-2013, the company achieved the highest turnover of Rs. 2,358.43 million against Rs. 2,235.49 million in the corresponding period of last year, an increase of 5.50 percent. Despite rupee devaluation and increase in utility charges, gross profit was recorded at Rs. 271.350 million against Rs. 223.055 million in the last corresponding period.

The operating expenses increased to Rs. 117.585 million against Rs. 99.411 million of corresponding period, which are 4.45 percent and 4.51 percent of the sales respectively. The financial charges decreased from Rs. 77.62 million to Rs 64.44 million as compared to last year. Further, the Company managed to reduce mark-up spread rates and brought the same down to less than 1.00 percent from 1.20 percent (above KIBOR).

In this perspective, the Company registered profit before tax and profit after tax for the year-end of Rs. 128.309 million and Rs. 84.325 million against Rs. 46.179 million and Rs. 37.450 million respectively from last year. Earnings per share after tax, for the year were Rs. 3.42 against Rs. 1.52 in the corresponding period of last year. Net cash from operating activities during the year ended June 30, 2013 was Rs. 195.375 million compared to Rs. 25.981 million of last year.

Contribution to Exchequer

During the year under review, the Company contributed an amount of Rs. 478.524 million in respect of sales tax, income tax, custom duty and various other government levies. Moreover, the Atlas Group, of which the company is a constituent member, contributed Rs. 25 billion in all towards the national exchequer. This makes Atlas Group one of the biggest tax payer in the country with 2% of government’s total revenue.

Dividend Policy

Keeping in mind the Company's improved performance, cash generating capacity and expected future business needs, the Board of Directors is pleased to propose a cash dividend of Rs. 1.50 per share equivalent to 15%.

Human Resource

Human Resource as a strategic business partner played its role of an enabler towards implementation of organizational strategy conceived for FY 2012-13 to achieve company's vision, mission and goals.

During the FY 2012-13, re-structuring of the organization took place due to change of business needs, transfer of resources and induction of Joint Ventures in the premises of your Company. All departments were re-aligned to meet the future business needs. To improve the quality of HR, skilled and qualified staff and associates were inducted in the team. Throughout the year, focus was maintained on training and development of staff and associates. The efficiencies of operation were further enhanced through process development and improvement.

Extensive practical steps were taken to align and adopt Atlas Culture through soft initiatives, trainings and induction of white uniform at AEL in order to be consistent with other group companies.

The selection of the employees is based on their values, integrity and merit. In pursuance of Atlas Group's Motto of Organizational Development through Self Development, the Company maintained its emphasis on grooming the associates to meet the changing business requirements. During FY 2012-13, an in-house customized training through external trainer on ISO 9001:2008 was conducted. Meanwhile, one executive has been nominated for Atlas-IBA DBA program during the year.

Technical skill building was the prime area of focus of management. For the first time, your Company initiated a customized technical training program for their associates to enhance their skills level as per organizational needs. This program was conducted through external trainer from Karachi Tools, Dies and Moulds Center (KTDMC). During the year, two batches completed this program successfully.

Outlook & Challenges

The positive outlook of agricultural sector will support demand in the automobiles sector; in particular two-wheelers as major source of transportation in rural areas is motorcycles. Further, the rising fuel prices, lack of organized transportation system along with the high purchasing cost of four-wheelers will also support demand in urban areas of two-wheelers, which will indirectly bode well for the auto parts manufacturing industry and the replacement market.

Historically, the Company has come through challenging situations successfully by improving process efficiencies, work force productivity, capital discipline and initiating various cost reduction initiatives. The Management is confident that the momentum being built up, will improve future results.

ع پرواز ہے دونوں کی اسی ایک فضا میں
کرگس کا جہاں اور ہے شاہیں کا جہاں اور

(One who tries, reaches the top)

Acknowledgement

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

Karachi: September 11, 2013

Yusuf H. Shirazi

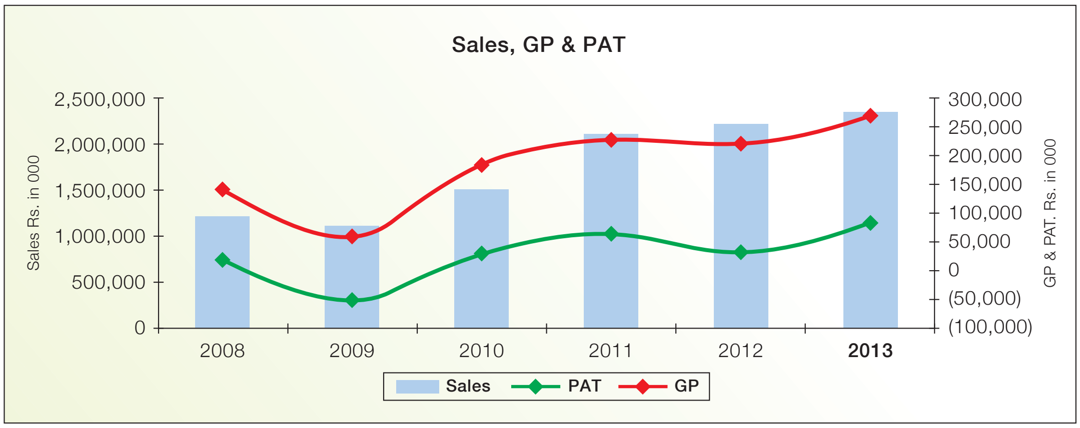
Key Performance and Financial Data

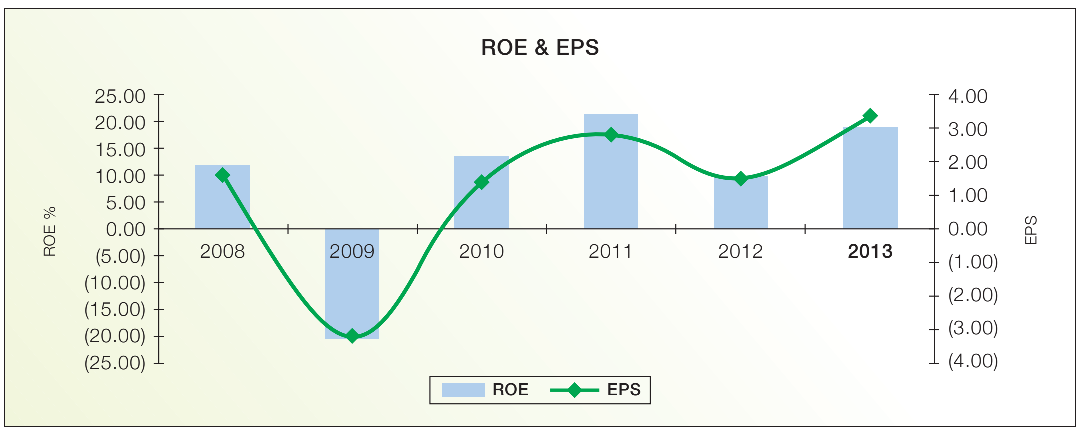
(Rupees in 000's)

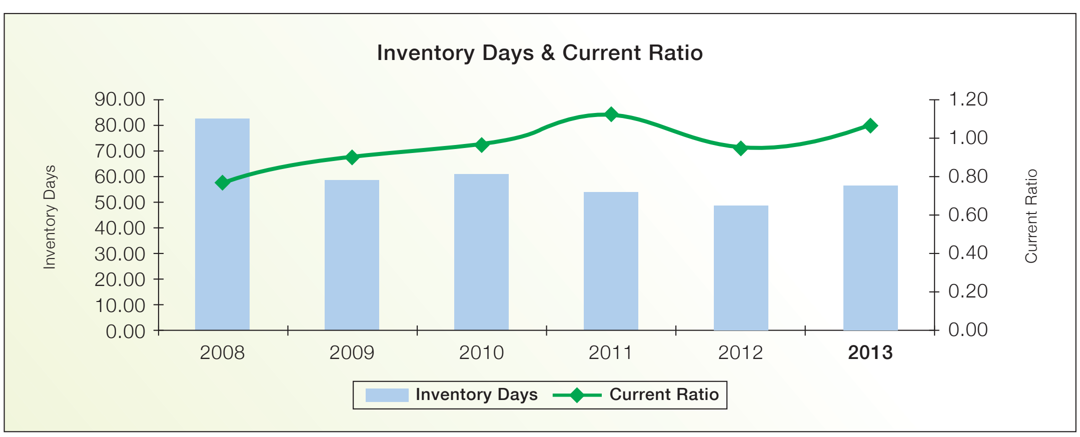
PARTICULARS	2013	2012	2011	2010	2009	2008
Sales	2,358,428	2,235,491	2,117,003	1,529,328	1,135,161	1,228,450
Gross profit	271,350	223,055	232,088	187,779	64,184	141,764
Profit / (Loss) Before Taxation	128,309	46,179	82,722	58,062	(59,274)	29,654
Profit / (Loss) After Taxation	84,325	37,450	71,549	36,144	(47,467)	19,377
Share Capital	246,734	246,734	246,734	246,734	246,734	123,367
Reserves	190,087	124,267	86,817	15,268	(20,876)	35,844
Shareholders' Equity						
- Including Surplus on Revaluation	793,181	727,361	689,911	677,782	641,638	574,991
- Excluding Surplus on Revaluation	436,821	371,001	333,551	262,002	225,858	159,211
Fixed Assets Net	895,819	879,587	807,340	844,060	810,161	876,807
Total Assets	1,414,994	1,437,046	1,342,618	1,237,256	1,150,688	1,209,008
Current Assets	499,863	536,849	512,661	382,404	330,215	325,178
Current Liabilities	468,055	566,254	455,207	395,227	364,390	416,424
Net Working Capital	31,808	(29,405)	57,454	(12,823)	(34,175)	(91,246)
Ratios:						
Profitibility (%)						
Gross Profit	11.51	9.98	10.96	12.28	5.65	11.54
Profit Before Tax	5.44	2.07	3.91	3.80	(5.22)	2.41
Profit After Tax	3.58	1.68	3.38	2.36	(4.18)	1.58
Return to Shareholders						
Dividend %	15	7.50	-	-	-	7.50
Cash Dividend Per Share	1.5	0.75	-	-	-	0.75
Dividend Yield Ratio	0.03	0.01	-	-	-	0.02
Dividend Pay Out Ratio	0.44	0.49	-	-	-	0.47
ROE - After Tax %	19.30	10.09	21.45	13.80	(21.02)	12.17
Earnings/(loss) per share - basic & diluted - Rs.	3.42	1.52	2.90	1.46	(3.33)	1.61
Market Price (June 30)*	58.00	58.00	39.50	16.00	9.66	31.60
Activity (Times)						
Sales to Total Assets	1.67	1.56	1.58	1.24	0.99	1.02
Sales to Fixed Assets	2.63	2.54	2.62	1.81	1.40	1.40
Debtor Turnover (Days)	16	30	27	25	40	13
Liquidity / Leverage						
Current Ratio (Times)	1.07	0.95	1.13	0.97	0.91	0.78
Quick Ratio (Times)	0.41	0.47	0.51	0.40	0.43	0.20
Break up Value per Share (Rs.)						
- Excluding Surplus on Revaluation	17.70	15.04	13.52	10.62	9.15	12.91
Long Term debts to Equity (Incl. Surplus on Revaluation)	0.12	0.17	0.22	0.16	0.17	0.28
Total Liabilities to Total Equity (Incl. Surplus on Revaluation)	0.44	0.49	0.49	0.45	0.44	0.52

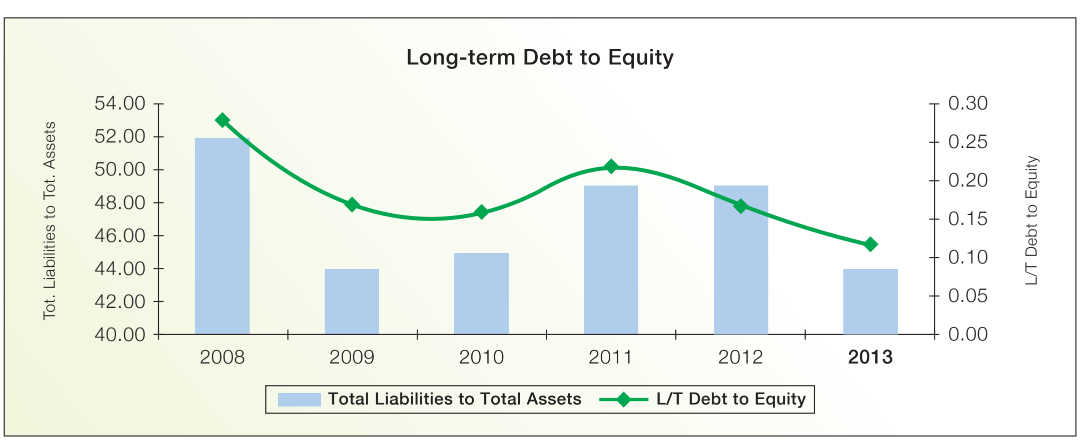
*As at June 30, 2013 and June 30, 2012, market price means buy back price of share.

Key Performance Ratios - Graphical Presentation





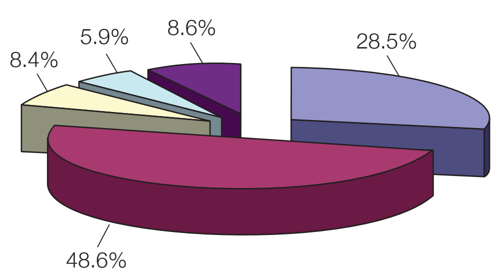




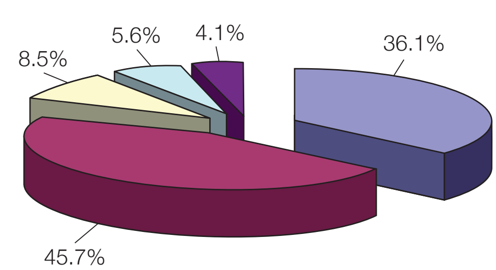
Statement of Value Addition
Year Ended June 30, 2013

	2013 Amount	2013 % age	2012 Amount	2012 % age
	-------------------- (Rupees in ’000) --------------------			
Wealth Generated:				
Total Revenue	2,735,776		2,593,170	
Material & Services (excluding duties)	(1,751,786)		(1,677,993)	
	983,990	100.00%	915,177	100.00%
Wealth distributed:				
To Employees				
Salaries & other related costs	280,490	28.51%	252,265	27.56%
VSS to employees	-	-	78,050	8.53%
	280,490	28.51%	330,315	36.09%
To Government				
Sales tax, income tax, import duty & other levies	478,524	48.63%	418,602	45.74%
To Providers of Capital				
Dividend to shareholders	18,505	1.88%	-	0.00%
Markup/Interest	64,444	6.55%	77,624	8.48%
	82,949	8.43%	77,624	8.48%
Retained in the Business				
Depreciation	57,702	5.86%	51,186	5.59%
Retained Profit	84,325	8.57%	37,450	4.19%
	142,027	14.43%	88,636	9.79%
	983,990	100.00%	915,177	100.00%

Wealth Distribution 2013



Wealth Distribution 2012



Employees | Government | Markup/Interest | Depreciation | Retained in Business

Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Audited Accounts and Auditors' Report thereon for the year ended June 30, 2013.

Financial Results

The financial results of your Company for the year ended June 30, 2013 under review are summarized as follows:

	------ (Rupees in '000) -----	
	2013	2012
Profit before taxation	128,309	46,179
Taxation		
Current	(21,324)	(22,355)
Deferred	(22,660)	13,626
	(43,984)	(8,729)
Profit after taxation	84,325	37,450

Earnings per Share

Basic earnings per share after tax is Rs. 3.42 per share (2012: Rs. 1.52).

Dividend

The Board of Directors has recommended final cash dividend of Rs. 1.50 per share, i.e., 15 percent. (2012: Rs. 0.75 per share). Accordingly, following appropriation has been made:

	------ (Rupees in '000) -----	
	2013	2012
Profit available for appropriation	190,087	124,267
Appropriation		
Proposed Dividend	(37,010)	(18,505)
Un-appropriated profit carried forward	153,077	105,762

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, 2013 and future prospects. The directors endorse the contents of the review.

Board of Directors

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

The Board approved the remuneration of the CEO amounting to Rs. 6.435 million (being nine months' remuneration since accounts shall be closed on March 31, 2014), bonus and other benefits like free transportation, telephone facility, medical expenses etc. as per company's policy for the year 2013-2014.

Change in Financial Year

After restructuring, the Company has two SBU's; i.e. two wheeler parts and radiators. Most of the Company's business is with Atlas Honda Limited, an associated company. The reason for changing financial year from July to June to April to March, is to align with major customer whose financial year is April to March. It will help in better investment, planning, forecasting and improved operational decision making.

The Directors of the Company in their meeting held on May 30, 2013 recommended the change in financial year from July - June to April - March with effect from 2013-2014 for shareholders' approval. A special resolution will be passed accordingly in the Annual General Meeting for change in financial year with effect from the period which commenced on July 1, 2013.

Rental income

During the year ended June 30, 2013 the Company has leased a portion of its unutilized land to its associated companies and has earned a rental income of Rs. 38.948 million.

Donation

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

Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

For and on behalf of the
Board of Directors

Sadaqat Ali
Chief Executive Officer

Karachi: September 11, 2013

Statement of Ethics and Business Principles

Standard of Conduct

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

Obeying the Law

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

Employees

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

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

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

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

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

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

Consumers

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

Shareholders

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

Business Partners

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

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

Community Involvement

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

Public Activities

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

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

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

The Environment

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

Innovation

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

Competition

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

Business Integrity

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

Conflicts of Interests

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

Compliance Monitoring Reporting

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

Health, Safety and Environment

Objective

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

Policy

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

We are committed to:

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

Auditors' Report to the Members

We have audited the annexed balance sheet of Atlas Engineering Limited (the Company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the 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 change as stated in note 2.3 to the accompanying financial statements 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Karachi: September 11, 2013

Audit Engagement Partner: Riaz A. Rehman Chamdia

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		------ (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	891,489	876,410
Intangible assets	5	4,330	3,177
		895,819	879,587
Long-term loans and advances	6	861	727
Long-term deposits and prepayments	7	18,451	19,883
		915,131	900,197
CURRENT ASSETS			
Stores, spare parts and loose tools	8	49,786	55,425
Stock-in-trade	9	256,847	216,528
Trade debts	10	101,284	191,500
Loans and advances	11	9,210	11,112
Trade deposits, short-term prepayments and other receivables	12	12,665	6,416
Taxation - net	13	67,433	40,531
Cash and bank balances	14	2,638	15,337
		499,863	536,849
TOTAL ASSETS		1,414,994	1,437,046
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	246,734	246,734
Accumulated profit		190,087	124,267
		436,821	371,001
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	16	356,360	356,360
NON-CURRENT LIABILITIES			
Long-term financing	17	65,239	85,546
Liabilities against assets subject to finance lease	18	-	7,923
Retirement and other service benefits	19	19,365	20,932
Deferred taxation	20	69,154	29,030
		153,758	143,431
CURRENT LIABILITIES			
Trade and other payables	21	88,897	110,665
Accrued mark-up	22	7,304	13,874
Short-term borrowings	23	298,099	363,074
Current maturity of long-term financing	17	41,111	54,644
Current maturity of liabilities against assets subject to finance lease	18	-	4,174
Provisions and other liabilities	24	32,644	19,823
		468,055	566,254
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		1,414,994	1,437,046

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

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		------ (Rupees in '000) -----	
Sales	26	2,358,428	2,235,491
Cost of goods sold	27	(2,087,078)	(2,012,436)
Gross profit		271,350	223,055
Selling and distribution expenses	28	(31,493)	(23,727)
Administrative expenses	29	(72,575)	(55,964)
Other operating expenses	30	(13,517)	(19,720)
		(117,585)	(99,411)
Operating profit		153,765	123,644
Finance costs	31	(64,444)	(77,624)
Other income	32	38,988	159
Profit before taxation		128,309	46,179
Taxation	33	(43,984)	(8,729)
Profit after taxation		84,325	37,450
		(Rupees)	**(Rupees)**
Earnings per share - Basic and diluted	34	3.42	1.52

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

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	------ (Rupees in '000) -----	
Profit after taxation	84,325	37,450
Other comprehensive income	-	-
Total comprehensive income for the year	84,325	37,450

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

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		------ (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	300,158	140,745
Finance costs paid		(71,014)	(80,055)
Gratuity paid		(3,007)	(8,401)
Tax paid		(30,762)	(26,308)
Net cash generated from operating activities		195,375	25,981
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(94,066)	(155,310)
Additions to intangible assets		(3,441)	(4,213)
Long-term loans and advances		(134)	887
Long-term deposits and prepayments		1,432	1,120
Proceeds from disposal of operating fixed assets		18,099	22,570
Net cash used in investing activities		(78,110)	(134,946)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		(33,840)	(30,073)
Lease rentals paid		(12,097)	(8,283)
Accrual for compensated absences		(672)	(1,031)
Dividend paid		(18,380)	-
Short term loans		70,000	70,000
Murabaha finance		22,879	(18,234)
Trust receipts		(17,564)	18,916
Net cash generated from financing activities		10,326	31,295
Net increase / (decrease) in cash and cash equivalents		127,591	(77,670)
Cash and cash equivalents as at the beginning of the year		(201,508)	(123,838)
Cash and cash equivalents as at the end of the year		(73,917)	(201,508)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	2,638	15,337
Short-term running finance	23	(76,555)	(216,845)
		(73,917)	(201,508)

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

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Issued, subscribed & paid up capital	Accumulated profit	Total
		(Rupees in '000)	
Balance as at June 30, 2011	246,734	86,817	333,551
Profit for the year	-	37,450	37,450
Other comprehensive income	-	-	-
Total comprehensive income	-	37,450	37,450
Balance as at June 30, 2012	246,734	124,267	371,001
Cash dividend for the year ended June 30, 2012 @ Re. 0.75/- share	-	(18,505)	(18,505)
Profit for the year	-	84,325	84,325
Other comprehensive income	-	-	-
Total comprehensive income	-	84,325	84,325
Balance as at June 30, 2013	246,734	190,087	436,821

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

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

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

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

The Company is engaged in manufacturing of components and parts for automotive vehicles and tractors. The registered office of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan. As at June 30, 2013, Shirazi Investments (Private) Limited (holding company) held 79.05% ordinary shares of the Company (note 15.1).

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Accounting convention

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

2.3 New and amended standards and interpretations

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

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
IAS 12 - Income Taxes - Recovery of Underlying Assets (Amendment)

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

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 7	- Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 19	- Employee Benefits - (Revised)	01 January 2013
IAS 32	- Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014
IFRIC 20	- Stripping Costs in the Production Phase of a Surface Mine	01 January 2013

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application other than the amendments to IAS 19 'Employees Benefits'. Such amendments range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

While the Company is currently assessing the full impact of the above amendments which are effective from annual periods beginning on or after 01 January 2013, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses (refer to note 3.7.1 to the financial statements) to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Owned

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

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

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

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

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

3.1.2 Assets subject to finance lease

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

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

3.1.3 Capital work-in-progress

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

3.1.4 Intangible assets

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

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

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

3.2 Impairment

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

3.3 Stores, spare parts and loose tools

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

3.4 Stock-in-trade

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

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

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

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

3.5 Trade debts

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

3.6 Taxation

3.6.1 Current

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

3.6.2 Deferred

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

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

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

3.7 Staff retirement benefits

3.7.1 Defined benefit plan

The Company operates an unfunded gratuity scheme for workers and funded gratuity scheme for management staff as described in note 19 to the financial statements. Annual charge is based on actuarial recommendations. Actuarial valuation of the scheme is carried out annually, using Projected Unit Credit Method. Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for the plan exceed 10% of the defined benefit obligation or 10% of the fair value of plan assets which ever is higher. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

3.7.2 Defined contribution plan

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

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

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

3.8 Compensated absences

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

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

3.9 Trade and other payables

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

3.10 Provisions

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

3.11 Foreign currency translation

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

3.12 Revenue recognition

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which generally coincide with the dispatch of goods to customers.

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

- Other income including rental income is recognized on accrual basis.

3.13 Borrowing costs

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

3.14 Ijarah rentals

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

3.15 Cash and cash equivalents

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

3.16 Financial instruments

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

3.17 Offsetting of financial assets and financial liabilities

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

3.18 Related party transactions

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

3.19 Significant accounting estimates, judgments and assumptions

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

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

	Note
Determining the residual values and useful lives of property, plant and equipment	3.1
Revaluation of leasehold land	3.1 & 16
Impairment / adjustment of inventories to their net realizable value	3.2, 3.3 & 3.4
Recognition of taxation and deferred tax	3.6
Accounting for post employment benefits	3.7
Contingency	25.1

3.20 Dividend and other appropriations of reserves

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

3.21 Functional and presentation currency

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

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
		----- (Rupees in □000) -----	
Operating fixed assets	4.1	851,527	792,269
Capital work-in-progress	4.6	39,962	84,141
		891,489	876,410

4.1 Operating fixed assets

Description	Note	COST / REVALUATION					ACCUMULATED DEPRECIATION					NET BOOK VALUE	
		As at July 01, 2012	Additions/ *transfer/ revaluation (Note 4.4 & 16)	Transfer from leased assets	Disposals / **written off	As at June 30, 2013	As at July 01, 2012	Charge for the year	Transfer from leased assets	Disposals / **written off	As at June 30, 2013	As at June 30, 2013	Depreciation rate %
		(Rupees in □000)											
Owned assets													
Leasehold land	4.2	358,545	-	-	-	358,545	-	-	-	-	-	358,545	-
Buildings on leasehold land													
Factory		72,384	*3,961	-	**(2,018)	74,327	47,784	2,585	-	**(1,942)	48,427	25,900	10
Generator premises		4,955	-	-	**(31)	4,924	3,714	124	-	**(26)	3,812	1,112	10
Residential		365	-	-	**(212)	153	321	2	-	**(187)	136	17	5
Office		4,215	-	-	-	4,215	1,972	112	-	-	2,084	2,131	5
Plant and machinery		547,128	*101,558	23,162	(41,234) **(400)	630,214	257,566	33,193	9,480	(25,692) **(352)	274,195	356,019	10
Power generators		137,824	7,662	-	**(1,107)	144,379	87,466	8,658	-	**(1,082)	95,042	49,337	10&35
Electrical fittings		19,222	593	-	**(1,567)	18,248	9,404	1,001	-	**(1,248)	9,157	9,091	10
Office equipment		2,688	806	-	**(224)	3,270	2,362	99	-	**(212)	2,249	1,021	15
Computers and other IT related equipments		17,915	*2,687	-	(82)	20,520	8,576	3,259	-	(6)	11,829	8,691	30
Furniture and fittings		4,215	1,315	-	**(611)	4,919	3,598	86	-	**(526)	3,158	1,761	10
Vehicles		18,022	13,686	8,570	(2,247)	38,031	6,827	3,730	4,493	(673)	14,377	23,654	20
Sui gas, water and drainage lines		2,281	-	-	**(183)	2,098	1,669	61	-	**(180)	1,550	548	10
Measuring instruments, dies, jigs, patterns and other equipments		53,669	5,977	1,464	**(3,324)	57,786	44,649	2,060	561	**(3,184)	44,086	13,700	20
		1,243,428	138,245	33,196	(53,240)	1,361,629	475,908	54,970	14,534	(35,310)	510,102	851,527	
Leased assets													
Plant and machinery		24,626	-	(24,626)	-	-	8,570	1,471	(10,041)	-	-	-	10
Vehicles		15,366	-	(8,570)	(6,796)	-	6,673	1,261	(4,493)	(3,441)	-	-	20
		39,992	-	(33,196)	(6,796)	-	15,243	2,732	(14,534)	(3,441)	-	-	
2013		1,283,420	138,245	-	(60,036)	1,361,629	491,151	57,702	-	(38,751)	510,102	851,527	

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

Description	Note	COST / REVALUATION As at July 01, 2011	Additions/ *transfer (Note 4.4 & 16)	(Disposals)	As at June 30, 2012	ACCUMULATED DEPRECIATION As at July 01, 2011	Charge for the year	(Disposals)	As at June 30, 2012	NET BOOK VALUE As at June 30, 2012	Depreciation rate %
		---- (Rupees in '000) ----									
Owned assets											
Leasehold land	4.2	356,520	*2,025	-	358,545	-	-	-	-	358,545	-
Buildings on leasehold land											
Factory		68,379	*4,005	-	72,384	45,324	2,460	-	47,784	24,600	10
Generator premises		4,924	*31	-	4,955	3,579	135	-	3,714	1,241	10
Residential		365	-	-	365	319	2	-	321	44	5
Office		4,091	*124	-	4,215	1,860	112	-	1,972	2,243	5
Plant and machinery		572,878	*82,821	(108,571)	547,128	309,761	28,222	(80,417)	257,566	289,562	10
Power generators		127,573	*10,251	-	137,824	77,948	9,518	-	87,466	50,358	10&35
Electrical fittings		15,540	*3,682	-	19,222	8,654	750	-	9,404	9,818	10
Office equipment		2,659	*29	-	2,688	2,305	57	-	2,362	326	15
Computers and other IT related equipments		16,260	*6,673	(5,018)	17,915	11,596	1,823	(4,843)	8,576	9,339	30
Furniture and fittings		4,215	-	-	4,215	3,529	69	-	3,598	617	10
Vehicles		9,958	*12,058	(3,994)	18,022	6,323	1,712	(1,208)	6,827	11,195	20
Sui gas, water and drainage lines		2,281	-	-	2,281	1,601	68	-	1,669	612	10
Measuring instruments, dies, jigs, patterns and other equipments		51,472	*2,776	(579)	53,669	42,779	2,030	(160)	44,649	9,020	20
		1,237,115	*124,475	(118,162)	1,243,428	515,578	46,958	(86,628)	475,908	767,520	
Leased assets											
Plant and machinery		24,626	-	-	24,626	6,786	1,784	-	8,570	16,056	10
Vehicles		21,599	-	(6,233)	15,366	7,028	2,444	(2,799)	6,673	8,693	20
		46,225	-	(6,233)	39,992	13,814	4,228	(2,799)	15,243	24,749	
2012		1,283,340	*124,475	(124,395)	1,283,420	529,392	51,186	(89,427)	491,151	792,269	

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

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

		Note	2013	2012
			----- (Rupees in '000) -----	
4.3	Allocation of depreciation charge:			
	Cost of goods sold	27	51,380	45,669
	Selling and distribution costs	28	288	287
	Administrative expenses	29	6,034	5,230
			57,702	51,186
4.4	Reconciliation of net book value:			
	Book value as at the beginning of the year		792,269	753,948
	Additions during the year		138,245	124,475
	Depreciation for the year		(57,702)	(51,186)
	Disposals / written-off during the year at book value		(21,285)	(34,968)
	Book value as at the end of the year		851,527	792,269

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

4.6 Movement of capital work-in-progress

	Factory building	Plant and machinery	Computer and other IT related equipments	Advances to suppliers	Total
	----------	----------	(Rupees in '000)	----------	----------
Balance as at June 30, 2011	3,103	45,959	965	3,279	53,306
Capital expenditure incurred / advances paid during the year	1,474	118,399	5,836	2,838	128,547
Transferred to operating fixed assets	(4,005)	(82,821)	(6,673)	(4,213)	(97,712)
Balance as at June 30, 2012	572	81,537	128	1,904	84,141
Capital expenditure incurred / advances paid during the year	3,842	56,755	2,559	871	64,027
Transferred to operating fixed assets	(3,961)	(101,558)	(2,687)	-	(108,206)
Balance as at June 30, 2013	453	36,734	-	2,775	39,962

4.6.1 Includes finance costs of Rs. 1 million (2012: Rs. 0.301 million) capitalized as a part of cost of such assets.

4.6.2 Includes measuring instruments purchased from Shirazi Trading Company (Private) Limited - a related party amounting to Rs. 5.6 million (2012: Rs. Nil).

5. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	As at July 01, 2012	Additions / Transfers	As at June 30, 2013	As at July 01, 2012	Charge for the year	As at June 30, 2013	As at June 30, 2013	Amorti-sation rate %
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	
Computer software								
2013	6,198	3,441	9,639	3,021	2,288	5,309	4,330	33
2012	1,985	*4,213	6,198	1,899	1,122	3,021	3,177	33

* Represents transfer from capital work-in-progress.

5.1 The entire amortization charge of Rs. 2.288 million (2012: Rs. 1.122 million) has been charged under administrative expenses (note 29).

	Note	2013	2012
		----- (Rupees in '000)	-----
6. LONG-TERM LOANS AND ADVANCES			
Secured, considered good			
Loans to employees - interest bearing	6.1	346	344
Less: current maturity shown under current assets	11	304	287
		42	57
Advances to employees - non-interest bearing	6.2	1,343	1,046
Less: current maturity shown under current assets	11	524	376
		819	670
		861	727

6.1 These loans carry mark-up at the rate of 1% (2012: 1%) per month and are secured against employees' retirement benefits. The loans are recoverable in monthly installments over a period of maximum 24 months.

6.2 These represent non-interest bearing advances to employees for purchase of motorcycles and are payable by way of a 15% amount upfront and the balance in maximum 42 equal monthly installments. These are secured against employees' retirement benefits.

	Note	2013	2012
		----- (Rupees in '000) -----	
7. LONG-TERM DEPOSITS AND PREPAYMENTS			
Security deposits			
Leasing		-	1,967
Ijarah		16,507	16,507
Utilities		1,052	751
Suppliers		365	300
Others		527	77
		18,451	19,602
Prepayments		281	682
Less: current maturity shown under current assets	12	281	401
		-	281
		18,451	19,883
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores and spare parts in hand		10,809	23,143
Loose tools		45,015	37,024
		55,824	60,167
Less: Provision for obsolescence	8.1	6,038	4,742
		49,786	55,425

8.1 Comprises provision in respect of stores and spare parts - in hand amounting to Rs. 5 million (2012: Rs. 3.823 million) and in respect of loose tools amounting to Rs. 1.038 million (2012: Rs. 0.919 million).

	Note	2013	2012
		----- (Rupees in '000) -----	
9. STOCK-IN-TRADE			
Raw and ancillary materials			
In hand		153,185	77,578
In transit		57,599	64,483
		210,784	142,061
Packing materials		1,246	1,023
Work-in-process	9.1 & 9.2	29,531	33,561
Finished goods	9.3	16,486	40,546
		258,047	217,191
Less: Provision for obsolescence	9.4	1,200	663
		256,847	216,528

9.1 Includes stock valued at net realizable value amounting to Rs. Nil (2012: Rs. 0.219 million).

9.2 Included herein are stocks held by third parties amounting to Rs. 3.434 million (2012: Rs. 1.185 million).

9.3 Includes stock valued at net realizable value amounting to Rs. Nil (2012: Rs. 2.636 million).

9.4 Comprises provision in respect of raw and ancillary materials - in hand amounting to Rs. 0.57 million (2012: Rs. 0.260 million) and in respect of work-in-process amounting to Rs. 0.63 million (2012: Rs. 0.403 million).

	Note	2013	2012
		----- (Rupees in '000) -----	
10. TRADE DEBTS - Unsecured, considered good	10.1 & 10.2	101,284	191,500
10.1 The ageing analysis of unimpaired trade debts as at June 30 is as follows:			
Neither past due nor impaired		66,827	115,912
Past due but not impaired			
- within 30 days		25,700	34,950
- 31 to 60 days		4,259	22,333
- 61 to 90 days		520	18,023
- over 90 days		3,978	282
		101,284	191,500

		Note	2013	2012
			----- (Rupees in '000) -----	
10.2	Included herein trade debts receivable from following related parties:			
	Atlas Honda Limited		9,916	60,807
	Atlas Autos (Private) Limited		6,647	-
			16,563	60,807

	2013 Atlas Honda Limited	2013 Atlas Autos (Private) Limited	2012 Atlas Honda Limited	2012 Atlas Autos (Private) Limited
	----- (Rupees in '000) -----			
Neither past due nor impaired	9,852	-	60,807	-
Past due but not impaired				
- within 30 days	64	6,425	-	-
- 31 to 60 days	-	78	-	-
- 61 to 90 days	-	-	-	-
- over 90 days	-	144	-	-
	9,916	6,647	60,807	-

		Note	2013	2012
			----- (Rupees in '000) -----	
11.	**LOANS AND ADVANCES - Unsecured, considered good**			
	Loans to employees - non-interest bearing		22	5
	Current maturity of:			
	loans to employees - interest bearing	6	304	287
	advances to employees - non interest bearing	6	524	376
			828	663
	Advances:			
	against salary		67	70
	against expenses		579	413
	to suppliers		7,714	9,961
			8,360	10,444
			9,210	11,112
12.	**TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES**			
	Trade Deposits			
	Security and trade deposits		1,910	2,438
	Letter of Credit and guarantee margin		-	1,507
			1,910	3,945
	Short-term Prepayments			
	Short-term prepayments		406	1,863
	Current maturity of long-term prepayments	7	281	401
			687	2,264
	Other Receivables			
	Receivable against disposal of operating fixed assets		7,500	-
	Receivable against scrap sales		1,285	-
	From Related Parties:			
	- Atlas Battery (Private) Limited		10	-
	- Atlas Hi-tech (Private) Limited		37	-
	- Atlas Metals (Private) Limited		252	-
	- Atlas Insurance Limited		307	-
	- Employees Provident Fund	12.1	677	207
			1,283	207
			12,665	6,416

		2013	2012
		----- (Rupees in '000) -----	
12.1	**Provident Fund**		
	Size of the trust	117,190	122,504
	Cost of investments made	103,920	102,583
	Fair value of investments	108,912	113,949

	2013	2012
	----- (Percentage) -----	
Percentage of investment made	92.94	93.02

	2013	2012
	----- (Rupees in '000) -----	
The major categories of investment of provident fund are as follows:		
Banks	21,371	2,693
Government securities	31,763	111,256
Others	55,778	-
	108,912	113,949

13. TAXATION - Net

The income tax assessments of the Company have been finalized by the Income Tax Department upto tax year 2012 (accounting year ended June 30, 2012).

14. CASH AND BANK BALANCES

	2013	2012
	----- (Rupees in '000) -----	
In hand:		
- Cash	554	308
- Cheques / Payorders	-	2,325
	554	2,633
Cash at bank in current accounts	2,084	12,704
	2,638	15,337

15. SHARE CAPITAL

2013	2012		2013	2012
----- (Number of Shares) -----				
		Authorized Share Capital		
40,000,000	40,000,000	Ordinary shares of Rs.10/- each	400,000	400,000
		Issued, subscribed and paid-up capital		
		Ordinary shares of Rs.10/- each		
21,610,283	21,610,283	- fully paid in cash	216,103	216,103
49,800	49,800	- issued for consideration other than cash	498	498
3,013,307	3,013,307	- issued as fully paid bonus shares	30,133	30,133
24,673,390	24,673,390		246,734	246,734

15.1 As at the balance sheet date, the shares in the Company held by related parties were 24,302,619 (2012: 24,245,453) shares which included 19,503,729 (2012: 19,446,563) ordinary shares of Rs.10/- each which is 79.05% (2012: 78.81%) of the total equity of the Company held by Shirazi Investments (Private) Limited, the holding company.

	2013	2012
	----- (Rupees in '000) -----	
16. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	356,360	356,360

16.1 Leasehold land costing Rs. 0.160 million was revalued by Razzaque Umrani & Co., Engineers and Surveyors on June 20, 1998 resulting in surplus amounting to Rs.118.680 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.

16.2 In the year 2007, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on June 22, 2007 resulting in surplus amounting to Rs. 297.100 million which has been credited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.

16.3 In the year 2010, another revaluation of the above land was carried out by M/s Surval - Engineers, Surveyors and Technical Consultants on August 18, 2009. The result of the said valuation was not materially different from the valuation carried out on June 22, 2007.

16.4 In the year 2011, another revaluation of the above land was carried out by M/s. Surval - Engineers, Surveyor and Technical Consultant on June 30, 2011 resulting in a deficit of Rs. 59.420 million which was debited to surplus on revaluation of property, plant and equipment account. The basis of revaluation was market value.

17. LONG-TERM FINANCING - Secured

	Note	2013	2012
		----- (Rupees in '000) -----	
From banking companies			
Loan - II	17.1	-	9,000
Loan - III	17.1	-	15,476
Loan - IV	17.2	57,142	85,714
Loan - V	17.3	21,429	30,000
Loan - VI	17.4	27,779	-
		106,350	140,190
Less: Current maturity - long-term financing		41,111	54,644
		65,239	85,546

17.1 During the year, the Company made repayment of the entire outstanding amounts including early repayment of Rs. 3.000 million and Rs. 1.190 million of Loan II and Loan III respectively.

17.2 This represents a utilized portion of a loan facility of Rs. 100 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from June 15, 2012 and carries mark-up at the rate of 6 months KIBOR plus 1.75% per annum. The loan is secured by first pari-passu charge over fixed assets of the Company for Rs. 134 million.

17.3 This represents a utilized portion of a loan facility of Rs. 30 million obtained from a commercial bank. The loan is repayable in 7 semi annual installments commenced from December 06, 2012 and carries mark-up at the rate of 3 months KIBOR plus 1.50% per annum. The loan is secured by way of first pari-passu charge over fixed assets of the Company for Rs. 37 million.

17.4 This represents a utilized portion of a loan facility of Rs. 100 million obtained during the year from a commercial bank. The loan is repayable in 7 semi annual installments commencing from April 29, 2014 and carries mark-up at the rate of 6 months KIBOR plus 1.0% per annum. The loan is secured by way of first pari-passu charge over fixed asset of the Company for Rs. 33 million.

18. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represented finance leases entered into with commercial banks in respect of machinery and vehicles. Total lease rentals due under various lease agreements aggregating to Rs. 14.455 million were payable in monthly instalments latest by February 2016. Taxes, repairs, replacement and insurance costs were to be borne by the lessee. Financing rates of approximately 14.33 percent to 16.52 percent per annum were being used as discounting factor. However, during the year, the Company made early repayment of the entire outstanding amount and the underlying assets were transferred in the name of the Company.

19. RETIREMENT AND OTHER SERVICE BENEFITS

	Note	2013	2012
		----- (Rupees in '000) -----	
Non-management staff gratuity	19.1	8,459	9,354
Accrual for compensated absences	19.2	10,906	11,578
		19,365	20,932

Defined benefit plan

19.1 General Description

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

The Company also established funded gratuity scheme for its management staff with effect from July 01, 2003 which was approved by the Commissioner of Income Tax in October 2002. The actuarial valuation of the gratuity schemes is carried out every year and the latest valuation was carried out as at June 30, 2013.

	Management		Non - management		Total	
	2013	2012	**2013**	2012	**2013**	2012
	(Rupees in '000)					
19.1.1 Reconciliation of obligations as at year end						
Present value of defined benefit obligation	24,771	21,807	1,699	1,719	26,470	23,526
Fair value of plan assets	(15,713)	(12,020)	-	-	(15,713)	(12,020)
	9,058	9,787	1,699	1,719	10,757	11,506
Unrecognized actuarial gain / (loss)	213	(6,949)	6,760	7,635	6,973	686
Unrecognized non-vested liability	(6,278)	47	-	-	(6,278)	47
Net liability as at the end of the years	2,993	2,885	8,459	9,354	11,452	12,239
19.1.2 Movement in liability						
Net liability as at the beginning of the year	2,885	2,940	9,354	13,451	12,239	16,391
Charge / (reversal) for the year	2,993	2,885	(773)	1,364	2,220	4,249
Contributions	(2,885)	(2,940)	-	-	(2,885)	(2,940)
Benefits paid during the period	-	-	(122)	(5,461)	(122)	(5,461)
Net liability as at the end of the year	2,993	2,885	8,459	9,354	11,452	12,239
19.1.3 Charge for the year						
Current service cost	1,253	1,245	64	300	1,317	1,545
Interest cost	2,913	3,424	229	1,429	3,142	4,853
Expected return on assets	(1,703)	(2,187)	-	-	(1,703)	(2,187)
Amortization of actuarial loss	530	403	(1,066)	(365)	(536)	38
Charge / (reversal) for the year	2,993	2,885	(773)	1,364	2,220	4,249
19.1.4 Movement in defined benefit obligation						
Present value of defined benefit obligation as at the beginning of the year	21,807	23,796	1,719	10,235	23,526	34,031
Current service cost	1,253	1,245	64	300	1,317	1,545
Interest cost	2,913	3,424	229	1,429	3,142	4,853
Benefits paid during the year	(10)	(6,968)	(122)	(5,461)	(132)	(12,429)
Actuarial (gain) / loss	(1,026)	357	(191)	(4,784)	(1,217)	(4,427)
Liability recognized - transferees	(166)	(47)	-	-	(166)	(47)
Present value of defined benefit obligation as at the end of the year	24,771	21,807	1,699	1,719	26,470	23,526
19.1.5 Movement in fair value of plan assets						
Present value of plan assets as at the beginning of the year	12,019	14,443	-	-	12,019	14,443
Expected return on plan assets	1,702	2,187	-	-	1,702	2,187
Contributions made by the Company	2,885	2,940	-	-	2,885	2,940
Benefits paid during the year	(1,026)	(6,968)	-	-	(1,026)	(6,968)
Actuarial gain / (loss)	133	(582)	-	-	133	(582)
Present value of plan assets as at the end of the year	15,713	12,020	-	-	15,713	12,020

	Management 2013	Management 2012	Non - management 2013	Non - management 2012
	---------------- (Rupees in ’000)			----------------
19.1.6 Principal actuarial assumptions				
Discount rate	11.00%	13.50%	11.00%	13.50%
Expected per annum rate of return on plan assets	11.00%	13.50%	-	-
Expected per annum rate of increase in future salaries	10.00%	13.50%	10.00%	12.50%

	Management 2013	Management 2012	Non - management 2013	Non - management 2012	Total 2013	Total 2012
	--------------------------- (Rupees in thousands)					---------------------------
19.1.7 Actual return on plan assets	2,183	1,605	-	-	2,183	1,605

19.1.8 Plan assets comprise the following:

	2013 Rupees in ’000	2013 %age	2012 Rupees in ’000	2012 %age
Debt	7,630	48.56	5,247	43.65
Mutual funds	8,081	51.43	6,751	56.16
Cash	2	0.01	22	0.19
	15,713	100.00	12,020	100.00

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

19.1.10 Expected contribution to Management Staff Gratuity Fund for the year ending June 30, 2014 is Rs. 2.388 million (2013: Rs. 2.993 million).

	2013	2012	2011	2010
19.1.11 Management Staff Gratuity Fund - Comparison for past years:				
Present value of defined benefit obligation	24,771	21,807	23,796	20,077
Fair value of plan assets	15,713	12,020	14,443	6,700
Deficit	9,058	9,787	9,353	13,377
Experience adjustments				
(Gain) / loss on plan liabilities	(10)	357	1,358	434
Gain / (loss) on plan assets	133	(582)	84	110
19.1.12 Non-Management Staff Gratuity Fund - Comparison for past years:				
Present value of defined benefit obligation	1,699	1,719	10,235	10,078
Fair value of plan assets	-	-	-	-
Deficit	1,699	1,719	10,235	10,078
Experience adjustments				
(Gain) / loss on plan liabilities	(191)	4,784	386	967

19.2 The movements in liability during the year were as follows:

	Opening Balance	Charge for the year	Payments	Closing Balance
	----------------- (Rupees in ’000)			-----------------
Accrual for compensated absences	11,578	190	(862)	10,906

	Note	2013	2012
		----- (Rupees in '000) -----	
20. DEFERRED TAXATION			
Deferred tax liabilities			
Difference in accounting and tax base of operating fixed assets, leased assets and intangibles		99,997	89,419
Deferred tax assets			
Provision for gratuity and compensated absences		(6,778)	(7,326)
Provision for obsolete stock-in-trade and stores, spare parts and loose tools		(2,533)	(1,892)
Carry over of minimum tax		-	(51,171)
BMR rebate		(21,532)	-
		69,154	29,030
21. TRADE AND OTHER PAYABLES			
Trade creditors	21.1	34,757	54,140
Sales tax payable - net		6,495	10,153
Withholding tax payable		1,061	-
Royalty payable		9,051	12,833
Management staff gratuity	19.1.1	2,993	2,885
Accrued liabilities		27,404	22,200
Advances from customers		7,136	8,454
		88,897	110,665

21.1 Included herein Rs. 9.718 million (2012: Rs. 2.317 million) payable to Atlas Insurance Company Limited, a related party.

	Note	2013	2012
		----- (Rupees in '000) -----	
22. ACCRUED MARK-UP			
Term loans		1,295	1,965
Short-term running finances		6,009	11,909
		7,304	13,874
23. SHORT-TERM BORROWINGS - Secured			
Running finances under mark-up arrangements	23.1	76,555	216,845
Short-term loans	23.2	140,000	70,000
Murabaha finance	23.3	57,193	34,314
Trust receipts	23.4	24,351	41,915
		298,099	363,074

23.1 The aggregate facilities for short term running finance available from various banks as at June 30, 2013 amount to Rs. 702 million (2012: Rs. 577 million) of which Rs. 625.445 million (2012: Rs. 360.155 million) remained unutilized as at the year end. These are under mark-up arrangements and are secured by way of first pari passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from 1 month KIBOR plus 1% to 3 months KIBOR plus 2% per annum (2012: 1 month KIBOR plus 1% to 3 months KIBOR plus 2% per annum). These are repayable latest by December 31, 2013.

23.2 This represents the utilized portion of loan facilities of Rs. 140 million (2012: Rs. 70 million) obtained during the year from various banks and carries a mark-up at the rate ranging from 6 months KIBOR plus 0.75% to 1 month KIBOR plus 0.75% (2012: one month KIBOR plus 1%). These are repayable latest by November 30, 2013. These are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company.

23.3 The aggregate facility for short term murabaha finance from banks as at June 30, 2013 amount to Rs. 200 million (2012: Rs. 100 million) of which Rs. 142.807 million (2012: Rs. 65.69 million) remained unutilized as at the year end. This carries profit at the rate of 3 months KIBOR plus 0.8% to 1% per annum (2012: 3 months KIBOR plus 1% per annum). This is secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. This is repayable by November 30, 2013.

23.4 The aggregate facilities of trust receipts available from various banks as at June 30, 2013 amount to Rs. 70 million (2012: Rs. 130 million) of which Rs. 45.649 million (2012: Rs. 88.09 million) remained unutilized as at the year end. These are under mark-up arrangements and are secured by way of first pari-passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances is 3 months KIBOR plus 1% to 3 months KIBOR plus 1.25% per annum (2012: 3 months KIBOR plus 1% to 1 month KIBOR plus 1.75% per annum).

24. PROVISIONS AND OTHER LIABILITIES

	Note	2013	2012
		----- (Rupees in 000) -----	
Provision for bonus - management staff	24.1	21,246	11,760
Provision for bonus - non-management staff	24.1	462	581
Deposits from employees	24.2	2,292	2,718
Workers' Profit Participation Fund	24.3	4,974	2,480
Workers' Welfare Fund		2,619	942
Unclaimed dividends		588	463
Others		463	879
		32,644	19,823

24.1 The movements in provisions during the year were as follows:

	Opening balance	Charge for the year	Payments	Closing balance
	------------------------- (Rupees in 000)			-------------------------
Provision for bonus - management staff	11,760	21,246	(11,760)	21,246
Provision for bonus - non-management staff	581	1,641	(1,760)	462
2013	12,341	22,887	(13,520)	21,708
2012	18,027	12,341	(18,027)	12,341

24.2 These represent deposit from employees under the Company's vehicle scheme.

24.3 Workers' Profits Participation Fund

	2013	2012
	----- (Rupees in 000) -----	
Balance as at the beginning of the year	2,480	4,443
Interest on fund utilized in Company's business	-	415
	2,480	4,858
Provision for the year	4,974	2,480
	7,454	7,338
Less: Amount paid during the year	2,480	4,858
Balance as at the end of the year	4,974	2,480

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingency

Electricity charges

Karachi Electric Supply Company Limited (KESC) raised a demand of Rs. 12.285 million on the plea that they erred in billing, against which the Company had filed an appeal before the Honourable High Court of Sindh. The Honourable Court issued a stay order on May 26, 1989 for making payments against the remaining disputed demand. The Company till the date of stay order had paid under protest Rs. 8.282 million which had been expensed out in prior years.

In the year 2006, the Honourable High Court of Sindh decided the appeal in favour of KESC. The Company has filed a second appeal against the judgment of the Court before the expanded bench of the Honourable High Court of Sindh.

During the year, the Company has entered into an agreement with KESC by virtue of which it has unconditionally agreed to withdraw the appeal filed before the expanded bench of Honourable High Court of Sindh. In consideration thereof, KESC has granted a waiver of 16.3% as relief against disputed amount of Rs. 12.285 million million. Since the Company had already paid Rs. 8.282 million out of the remaining balance of 83.7%, it was mutually agreed that remaining balance of Rs. 2.0 million will be paid in four equal monthly installments of Rs. 0.5 million each, starting from June 2013. Accordingly, provision for the balance amount of Rs. 2.0 million has been made in these financial statements. As at June 30, 2013 the Company has paid Rs. 0.5 million and the remaining balance of Rs. 1.5 million will be paid in the subsequent year.

	Note	2013	2012
		----- (Rupees in '000) -----	
25.2 Commitments			
25.2.1 Guarantees			
Bank guarantees in favour of Sui Southern Gas Company Limited		18,278	18,278
Insurance company guarantee in favour of Karachi Electric Supply Company Limited		4,000	4,000
25.2.2 Commitments under letters of credit			
- For capital expenditures		2,510	3,702
- Other than capital expenditures		111,330	138,156
25.2.3 Commitments for rentals under Ijarah finance agreement:			
Within one year		25,021	31,291
After one year but not more than five years		33,436	58,457
		58,457	89,748

Represents Ijarah finance facility entered into with Meezan Bank Limited in respect of plant and machinery. Ijarah payments are payable in semi-annual instalments latest by November 2016. Taxes, repairs, replacement and insurance costs are to be borne by the muj'ir (lessor). These are secured by on demand promissory notes of Rs. 145.908 million (2012: Rs.145.980 million).

	Note	2013	2012
		----- (Rupees in '000) -----	
26. SALES			
Gross sales		2,735,776	2,593,170
Less: Sales tax		377,348	357,679
		2,358,428	2,235,491
27. COST OF GOODS SOLD			
Raw and ancillary materials consumed		1,507,211	1,435,352
Salaries, wages and benefits	27.1 & 27.2	146,370	214,128
Contract labour		77,812	67,200
Spare parts and other maintenance		70,713	64,348
Packing materials consumed		12,866	15,595
Fuel, water and power		112,206	102,312
Rent, rates and taxes		464	615
Insurance		7,491	7,599
Training expenses		745	451
Travelling		1,330	-
Repairs and maintenance		21,968	15,161
Depreciation	4.3	51,380	45,669
Ijarah rentals		27,797	27,964
Royalties and technical fee		16,207	12,633
Printing and stationery		509	316
Postage, telephone and telegrams		202	850
Subscriptions		54	441
Provision for obsolete stock-in-trade		537	-
Provision for stores, spare parts and loose tools		1,296	967
General expenses		1,830	1,455
		2,058,988	2,013,056
Opening work-in-process		33,561	39,025
Closing work-in-process		(29,531)	(33,561)
		4,030	5,464
Cost of goods manufactured		2,063,018	2,018,520
Opening stock of finished goods		40,546	34,462
Closing stock of finished goods		(16,486)	(40,546)
		24,060	(6,084)
		2,087,078	2,012,436

27.1 Includes Rs. Nil (2012: Rs. 78.05 million) in respect of voluntary separation scheme (VSS).

		Note	2013	2012
			----- (Rupees in 000) -----	
27.2	Included herein are the following retirement benefits:			
	Gratuity		1,172	3,384
	Employees Old Age Benefits		833	831
	Provident Fund		2,453	2,632
			4,458	6,847

28. SELLING AND DISTRIBUTION EXPENSES

	Note	2013	2012
Salaries and allowances	28.1	8,153	7,953
Advertisement and publicity		2,062	1,845
Cartage and octroi		4,658	4,353
Travelling and conveyance		2,739	2,421
Executive training		102	150
Depreciation	4.3	288	287
Insurance		6,966	3,605
Printing and stationery		256	192
Postage, telephone and telegrams		328	285
Medical expenses		240	185
Rent, rates and taxes		1,026	228
Business promotion expenses		4,317	1,746
Subscriptions		3	141
Repairs and maintenance		54	39
General expenses		301	297
		31,493	23,727

		2013	2012
28.1	Included herein are the following retirement benefits:		
	Gratuity	183	173
	Employees Old Age Benefits	53	56
	Provident Fund	256	307
		492	536

29. ADMINISTRATIVE EXPENSES

	Note	2013	2012
Salaries and allowances	29.1 & 29.2	49,296	41,034
Medical expenses		57	455
Travelling and conveyance		805	2,439
Insurance		2,146	2,191
Depreciation	4.3	6,034	5,230
Amortization	5.1	2,288	1,122
Printing and stationery		879	304
Postage, telephone and telegrams		1,054	625
Business promotion expenses		302	326
Subscriptions		577	458
Advertisement and publicity		318	364
Training expenses		600	200
Repairs and maintenance		6,413	973
Operating fixed assets written-off		737	-
General expenses		1,069	243
		72,575	55,964

		2013	2012
29.1	Included herein are the following retirement benefits:		
	Gratuity	865	693
	Employees Old Age Benefits	71	176
	Provident Fund	1,596	1,577
		2,532	2,446

29.2 Salaries and allowances include directors' fee for attending meetings aggregating to Rs. Nil (2012: Rs. 0.06 million), as disclosed in note 35 to the financial statements.

	Note	2013	2012
		----- (Rupees in '000) -----	

30. OTHER OPERATING EXPENSES

	Note	2013	2012
Loss on disposal of operating fixed assets	40	2,449	12,398
Legal and professional charges		1,335	1,390
Workers' Profit Participation Fund	24.3	4,974	2,480
Workers' Welfare Fund		2,619	942
Auditors' remuneration	30.1	880	960
Donation	30.2	1,260	1,550
		13,517	19,720

30.1 Auditors' remuneration

		2013	2012
Audit fee - statutory		550	550
Fee for half-yearly review		-	120
Certification, tax and other services		250	210
Out-of-pocket expenses		80	80
		880	960

30.2 Represents donation paid / payable to Atlas Foundation. Mr. Yousuf H. Shirazi, a director of the Company is also the director in Atlas Foundation.

31. FINANCE COSTS

	Note	2013	2012
		----- (Rupees in '000) -----	
Mark-up on:			
- long-term financing - secured		14,733	24,112
- short-term borrowings - secured		46,502	48,144
- finance lease obligation		882	2,080
Bank and other allied charges		2,327	2,873
Interest on Workers' Profit Participation Fund		-	415
		64,444	77,624

32. OTHER INCOME

	Note	2013	2012
Rental income from related parties	32.1	38,948	-
Others		40	159
		38,988	159

32.1 During the year, the Company rented out its leasehold land to its related parties and earned rental income of Rs. 24.993 million and Rs. 13.955 million from Atlas Metals (Private) Limited and Atlas Battery Limited respectively.

33. TAXATION

	Note	2013	2012
		----- (Rupees in '000) -----	
For the year:			
- current		21,324	22,355
- deferred		22,660	(13,626)
	33.1	43,984	8,729

33.1 Reconciliation between tax expense and accounting profit

		2013
Accounting profit for the year before taxation		128,309
Tax at applicable rate of 35%		44,908
Tax effects of net expenses that are admissible but not included in determining accounting profit		(13,371)
BMR rebate		(21,532)
Carry over of minimum tax written-off		33,707
Others (represent the impact of reversal of deferred tax asset, lower tax rate on rental income and rebate on donation)		272
		43,984

33.2 In prior years, the Company was liable to pay minimum tax under section 113 of the Income Tax Ordinance, 2001, therefore, no numerical reconciliation was given in the prior year and accordingly no comparative figures are given in the above reconciliation.

34. BASIC AND DILUTED EARNINGS PER SHARE

	2013	2012
Profit after taxation (Rupees in '000')	84,325	37,450
Weighted average number of ordinary shares in issue (in '000')	24,673	24,673
Basic earnings per share (Rupees)	3.42	1.52

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

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executive	
	2013	2012	2013	2012	2013	2012
	(Rupees in '000)					
Managerial remuneration	5,134	4,607	-	-	18,166	17,583
Bonus	2,011	1,055	-	-	12,914	4,044
Rent	2,009	1,778	-	-	7,108	6,810
Utility	446	395	-	-	1,580	1,513
Termination benefits	-	-	-	-	-	3,709
Retirement benefits	496	439	-	-	1,526	1,569
Reimbursable expenses	74	367	-	-	291	3,395
Directors' fee	-	-	-	60	-	-
	10,170	8,641	-	60	41,585	38,623
Number of persons	1	1	2	2	16	19

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

36. CASH GENERATED FROM OPERATIONS

	Note	2013	2012
		(Rupees in '000)	
Profit before taxation		128,309	46,179
Adjustments for:			
Depreciation	4.3	57,702	51,186
Amortization	5	2,288	1,122
Loss on disposal of operating fixed assets	40.1	2,449	12,398
Operating fixed assets written-off		737	-
Provision for obsolete stock-in-trade		537	-
Provision for obsolete stores, spare parts and loose tools		1,296	967
Provision for gratuity		2,220	4,249
Finance costs		64,444	77,624
		131,673	147,546
Operating profit before working capital changes		259,982	193,725
Working capital changes	36.1	40,176	(52,980)
Cash generated from operations		300,158	140,745

		Note	2013	2012
			----- (Rupees in '000) -----	
36.1	**Working capital changes**			
	Decrease / (increase) in current assets			
	Stores, spares and loose tools		4,343	446
	Stock-in-trade		(40,856)	6,731
	Trade debts		81,762	(34,661)
	Loans and advances		1,902	961
	Trade deposits, short-term prepayments and other receivables		(6,249)	5,679
			40,902	(20,844)
	Decrease in current liabilities			
	Trade and other payables		(13,422)	(24,035)
	Provision and other liabilities		12,696	(8,101)
			(726)	(32,136)
			40,176	(52,980)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

37.1 Credit risk

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

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

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

	2013	2012
	----- (Rupees in '000) -----	
Long-term loans and advances	861	727
Long-term deposits	18,451	19,602
Trade debts	101,284	191,500
Loans and advances	9,210	11,112
Trade deposits	1,910	2,438
Other receivables	10,068	207
Bank balances	2,084	12,704
	143,868	238,290

Quality of financial assets

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

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

	2013	2012
	----- (Rupees in '000) -----	
Original Equipment Manufacturers (OEMs)	22,775	63,847
Replacement market	78,509	127,653
	101,284	191,500

Based on past experience the Company believes that no impairment allowance is necessary against amounts past due by 30 days and above as 22.49% (2012: 34.88%) of the amount is due from renowned Motorcycle and Car Assemblers (OEMs) and institutions and remaining amount is due from customers having good track record with the Company.

	2013	2012
	----- (Rupees in '000) -----	
Cash at bank		
A1+	460	8,779
A-1+	1,070	3,671
A-1	52	-
A-2	-	254
A-3	502	-
	2,084	12,704

37.2 Liquidity risk

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

	2013					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	(Rupees in '000)					
Long-term financing - secured	-	-	41,111	65,239	-	106,350
Short-term borrowings	298,099	-	-	-	-	298,099
Trade and other payables	81,341	-	-	-	-	81,341
Provision and other liabilities	25,051	-	-	-	-	25,051
Accrued mark-up	7,304	-	-	-	-	7,304
	411,795	-	41,111	65,239	-	518,145

	2012					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	(Rupees in '000)					
Long-term financing - secured	-	5,071	49,573	85,546	-	140,190
Liability under finance lease	-	885	3,289	7,923	-	12,097
Short-term borrowings	363,074	-	-	-	-	363,074
Trade and other payables	100,512	-	-	-	-	100,512
Provision and other liabilities	16,401	-	-	-	-	16,401
Accrued mark-up	13,874		-	-	-	13,874
	493,861	5,956	52,862	93,469	-	646,148

37.3 Interest rate risk profile

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

Sensitivity Analysis:

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

	Increase / decrease in basis points	Effect on profit/(loss) before tax (Rs. In thousands)
2013		
KIBOR	+100	(4,045)
KIBOR	-100	4,045
2012		
KIBOR	+100	(5,154)
KIBOR	-100	5,154

37.4 Capital risk management

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

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

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

The gearing ratios as at June 30, 2013 and 2012 were as follows:

	2013	2012
	----- (Rupees in '000) -----	
Long term financing	106,350	140,190
Short term borrowings	298,099	363,074
Liabilities against asset subject to finance lease	-	12,097
Accrued mark-up	7,304	13,874
Total debt	411,753	529,235
Less: Cash and bank balances	2,638	15,337
Net debt	409,115	513,898
Share capital	246,734	246,734
Reserves	190,087	124,267
Equity	436,821	371,001
Capital	845,936	884,899
Gearing ratio	48.36%	58.07%

37.5 Fair value of financial instruments

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

38. RELATED PARTY TRANSACTIONS

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

Relationship with the Company	Nature of transactions	2013	2012
		----- (Rupees in '000) -----	
Entities having shareholding and directors in common with the Company			
Shirazi Investments (Private) Limited	Dividend paid	14,604	-
	Office rent	832	-
Shirazi Capital (Private) Limited	Dividend paid	3,599	-
Atlas Metals (Private) Limited	Rental income	24,993	-
	Sale of operating fixed assets	691	-
Atlas Honda Limited	Sale of goods	1,986,897	1,674,367
	Sale of operating fixed assets	2,051	-
	Purchase of scrap	14,063	17,542
	Purchase of motorcycles	988	2,832
	Purchase of vehicle	1,857	-
	Expenses claimed	316	-
Atlas Battery Limited	Sale of goods	68	814
	Rental income	13,955	-
	Sale of operating fixed assets	-	71
Atlas Autos (Private) Limited	Purchase of services	7,527	4,945
	Sale of goods	117,047	5,188
	Sale of operating fixed assets	-	542
Atlas Insurance Limited	Insurance premium	26,510	28,150
Shirazi Trading Company (Private) Limited	Photocopier spares and services	203	742
	Purchase tools and equipment	6,854	-
	Purchase of generator parts	-	4,943
Atlas Foundation	Donations paid	462	827
	Office rent	649	185
Employees' retirement benefit plans	Contribution paid during the year	2,885	2,940

The related party status of outstanding receivables and payables as at June 30, 2013 are given in respective notes to the financial statements.

39. PRODUCTION CAPACITY

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

40. DETAILS OF OPERATING FIXED ASSETS DISPOSED-OFF

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

	Cost	Accumulated depreciation	Net book value	Sale proceed	Loss	Mode of disposal	Particular of buyers	
	----- (Rupees in '000) -----							
Owned								
Plant and machinery	35,651	22,433	13,218	11,000	(2,218)	Negotiations	Fareed Traders	
Plant and machinery	5,583	3,259	2,324	2,093	(231)	Negotiations	Aslam Pervaiz	
Computers	82	6	76	76	-	Trade-in	Hi-Tech Computers	
Vehicles								
Honda CD 70	60	26	34	34	-	Company Policy	Mr.Malik Saleem Usmani	- Employee
Honda CD 70	60	26	34	34	-	Company Policy	Mr. Altaf Ahmed Khan	- Employee
Honda CD 70	60	26	34	34	-	Company Policy	Mr. Mohammad Irfan Khan	- Employee
Suzuki Mehran	390	291	99	99	-	Company Policy	Mr. Khawaja Naeemuddin	- Employee
Honda CG 125	80	29	51	51	-	Company Policy	Mr. Allah Buksh	- Employee
Honda CG 125	87	17	70	70	-	Company Policy	Mr. Khalid Rasheed Memon	- Employee
Honda City	1,510	257	1,253	1,253	-	Transfer of Employee	Atlas Honda Limited	
Total	43,563	26,370	17,193	14,744	(2,449)			

	Cost	Accumulated depreciation	Net book value	Sale proceed	Loss	Mode of disposal	Particular of buyers	
	------------	------------	(Rupees in '000)	------------	------------			
Leassed - Vehicles								
Honda CD 70	70	45	25	25	-	Company Policy	Mr. Imran Zia	- Employee
Suzuki Mehran	395	305	90	90	-	Company Policy	Mr. Muzzafar Abbas	- Employee
Suzuki Alto	559	333	226	226	-	Company Policy	Mr. Faizullah Ghazi	- Employee
Honda City	879	561	318	318	-	Company Policy	Mr. Rashid Ahmed	- Employee
Suzuki Alto	652	281	371	371	-	Company Policy	Mr. Sikander Ali	- Employee
Suzuki Alto	667	295	372	372	-	Company Policy	Mr. S. Abdul Bari	- Ex - Employee
Suzuki Alto	705	241	464	464	-	Company Policy	Mr. Junaid Ahmed Siddiqui	- Employee
Honda City	1,239	548	691	691	-	Transfer of Employee	Atlas Metals (Private) Limited	
Honda Civic	1,630	832	798	798	-	Transfer of Employee	Atlas Honda Limited	
	6,796	3,441	3,355	3,355	-			
2013	50,359	29,811	20,548	18,099	(2,449)			
2012	124,395	89,427	34,968	22,570	(12,398)			

41. NUMBER OF EMPLOYEES

Total number of persons employed as at the year end were 228 (2012: 222) and average number of employees during the year were 224 (2012: 220).

42. CORRESPONDING FIGURES

The following figures have been reclassified for the purpose of better presentation:

Depreciation expense	Cost of goods sold	Selling and distribution costs	Administrative expenses	Total
	------------	(Rupees in '000)	------------	
2012 - reclassified	45,669	287	5,230	51,186
2012	48,769	687	1,730	51,186

Insurance expense	Cost of goods sold	Selling and distribution costs	Administrative expenses	Total
	------------	(Rupees in '000)	------------	
2012 - reclassified	7,599	3,605	2,191	13,395
2012	8,499	905	3,991	13,395

Cost of goods sold	Raw and ancillary materials consumed	Spare parts and other maintenance	Repairs and maintenance	Total
	------------	(Rupees in '000)	------------	
2012 - reclassified	1,435,352	64,348	15,161	1,514,861
2012	1,453,120	54,028	7,713	1,514,861

	Trade debts	Trade and other payables - Advances from customers	Net
	------------	(Rupees in '000)	------------
2012 - reclassified	191,500	8,454	183,046
2012	183,046	-	183,046

43. DIVIDEND AND APPROPRIATIONS

The Board of Directors in their Board meeting held on September 11, 2013 has recommended a final cash dividend of Rs. 1.50 i.e. 15% (2012: Rs. 0.75 per share i.e. 7.5%) for the year ended June 30, 2013. The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on October 12, 2013. The financial statements for the year ended June 30, 2013 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending June 30, 2014.

44 GENERAL

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

44.2 These financial statements were authorized for issue on September 11, 2013 by the Board of Directors of the Company.

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Pattern of Shareholding
As at June 30, 2013

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Directors Chief Executive Officer and their spouse and minor children	6	6	0.000
2	Associated Companies, Undertaking and Related Parties	4	24,302,619	98.497
3	NIT & ICP	1	319	0.001
4	Bank / Financial Institution	7	10,932	0.044
5	General Pubic / Individuals	688	325,336	1.319
6	Others Companies	15	34,178	0.139
		721	24,673,390	100.000

Pattern of Shareholding
As at June 30, 2013

		Number	Shares	Percentage
A)	**Associated Companies, Undertakings and Related Parties**			
	Shirazi Investment (Pvt.) Limited	3	19,503,729	79.05
	Shirazi Capital (Pvt.) Limited	1	4,798,890	19.45
		4	24,302,619	98.50
B)	**NIT & ICP**			
	Investment Corporation of Pakistan	1	319	0.00
		1	319	0.00
C)	**Directors, Chief Executive Officer, Their Spouses and Minor Children**			
	Directors & Their Spouses			
	Mr. Ali H. Shirazi	1	1	0.00
	Mr. Yusuf Hussain Shirazi & Khawar Shireen Shirazi	1	1	0.00
	Mr. Bashir Makki	1	1	0.00
	Mr. Suhail Ahmed	1	1	0.00
	Mr. Frahim Ali Khan	1	1	0.00
	Mr. Khaleeq-ur-Rahman Khan	1	1	0.00
		6	6	0.00
	Executive	-	-	-
D)	**Banks, Development Financial Institutions, Non Banking Financial Institutions**			
	Banks	6	7,335	0.03
	Financial Institutions	1	3,597	0.01
		7	10,932	0.04
E)	**General Public (Local)**	688	325,336	1.32
F)	**Others Companies**	15	34,178	0.14
		721	24,673,390	100.00
G)	**Shareholders Holding 10% or More**			
	Shirazi Investment (Pvt.) Limited	1	19,503,729	79.05
	Shirazi Capital (Pvt.) Limited	1	4,798,890	19.45
H)	**Trading in these shares of Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their Spouses and Minor Children**	-	-	-

Atlas Group Companies

	*Year of Establishment / Acquisition**
Shirazi Investments	**1962**
Atlas Honda	**1962**
Atlas Battery	**1966**
Shirazi Trading	**1973**
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**

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

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

No. of Shares held

FORM OF PROXY

I/We____

of_____________________ in the district of _____________________

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

____

Shares Nos. _____________________ hereby appoint

Mr./Mrs./Miss ____

of _____________________ in the district of _____________________

who is also a member of the Company, as proxy in my absence to attend and to vote for me, and on my behalf at the Annual General Meeting of the Company to be held on October 12, 2013 at 10:00 a.m. at Corporate Office, Federation House, 2nd Floor, Shahrah-e-Firdousi, main Clifton, Karachi and at any adjournment thereof.

As witness my hand this _____________________ day of _____________________ 2013.

Signed by the said in the presence of

Address _____________________

____

____

Please affix
Rupees Five
Revenue
Stamp

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

Notes:

1. The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting, and in default Proxy Form will not be treated as valid.

2. No person shall act as proxy unless he/she is a member of the Company.

AFFIX
POSTAGE

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

Fold Here

Fold Here

Fold Here

Fold Here

Atlas Engineering Limited

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