Atlas Engineering

ISO 9001:2000 Certified

PISTON & RADIATOR MANUFACTURING FACILITIES

DIRECTORS' REPORT

The Directors of your company take pleasure in presenting their report together with the Audited Accounts and Auditor's Report thereon for the year ended June 30, 2018.

Financial Results

The financial results of your company for the year ended June 30, 2018 under review are summarized as follows:

	Year ended June 30, 2018	Three months period ended June 30, 2017
	------ (Rupees in 000's)-----	
Profit before taxation	76,906	47,780
Taxation	16,685	(9,673)
Profit after taxation	93,591	38,107

Earnings per Share

Basic earnings per share after tax is Rs. 3.95 per share (2017 – 3 months' period: Rs. 1.61).

Overview of Company's affairs

During the year, the Company has been converted from Public Limited to Private Limited Company and after complying with all regulatory requirements, obtained certificate of conversion from Securities and Exchange Commission of Pakistan (SECP) dated January 22, 2018.

Regarding operational performance, despite several challenges, overall performance of the Company remained satisfactory. Challenges of rapid escalation in costs owing to inflation, LME increase and devaluation of the Pak Rupee in second half of the financial year adversely affected margins.

Disposal and write-off of fixed assets have been recognized during the year, having Written Down Value (WDV) of Rs. 143 million and Rs. 16 million respectively. Disposal of assets has been carried out at fair value, in an arm's length transaction. Assets completed their useful life have been written-off and corresponding loss has been recognized in profit and loss account.

Amid of depleting major economic indicators and surging exchange rates and material prices, forthcoming year seems to be more demanding. Nevertheless, the management of the Company is committed to production excellence and continuous improvements to mitigate burdening impacts.

Atlas Engineering (Private) Limited

(Formerly Atlas Engineering Limited)

Head Office: 15th Mile National Highway, Landhi, Karachi-75120 **Ph:** (92-21) 35016921-4, 35001482-5 **UAN:** 111-111-235 **Fax:** (92-21) 35011709
E-mail: aeilkhi@allwin.com.pk, ael@atlasengineering.com.pk **Website:** www.allwin.com.pk, www.atlasengineering.com.pk

Regional Sales offices:

Lahore : 1st Floor, 2-Kothalia Building, Mcleod Road, Lahore. **Ph:** (92-42) 37354640, **Fax:** (92-42) 37352724
Multan : Azmat Wasti Road, Chowk Dera Adda, Multan. **Ph:** (92-61) 4512181 **Fax:** (92-61) 4541690
Rawalpindi : C/o. Atlas Honda Ltd. 60-Bank Road, Saddar Rawalpindi. **Ph:** (92-51) 5120495, 0333-5129411
Faisalabad : 54 Chanab Market, Madina Town, Faisalabad. **Ph:** (92-41) 8549376 **Fax:** (92-41) 8726628

Dividend

The Board of Directors has recommended final cash dividend of Rs. 1 per share, i.e., 10%. (2017 – 3 months' period: Nil). Accordingly, following appropriation has been made.

	------(Rupees in 000's)-----	
	2018	**2017**
Profit available for appropriation	763,601	669,009
Appropriation		
- Proposed Dividend	(23,687)	-
Un-appropriated profit carried forward	739,914	669,009

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 Rs. 14.13 million, bonus and other benefits like free transportation, telephone facility, medical expenses etc. as per company's policy for the year 2018-2019.

Auditors

The present Auditors M/s. EY Ford Rhodes, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2018-2019.

Donation

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

For and on behalf of the
Board of Directors

Sadaqat Ali
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Karachi: September 07, 2018

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Building a better
working world

ATLAS ENGINEERING (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

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INDEPENDENT AUDITORS' REPORT

To the members of Atlas Engineering (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Atlas Engineering (Private) Limited** (the Company), which comprises of the statement of financial position as at **30 June 2018**, and the statement of profit or loss and comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code)and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

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

b) the statement of financial position, the statement of profit or loss and comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Tariq Feroz Khan.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 07 September 2018

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)	April 01, 2017 (Restated)
		(Rupees in thousands)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	**1,560,999**	1,479,560	1,358,397
Intangibles	7	**2,029**	425	472
Long-term loans and advances	8	**505**	281	78
Long-term deposits	9	**2,800**	2,800	2,800
		1,566,333	1,483,066	1,361,747
CURRENT ASSETS				
Stores, spare parts and loose tools	10	**45,658**	49,330	41,853
Stock-in-trade	11	**297,084**	240,740	238,503
Trade debts	12	**39,575**	85,198	84,112
Loans and advances	13	**5,519**	1,890	1,804
Trade deposits and short-term prepayments	14	**3,937**	10,565	5,693
Other receivables	15	**12,407**	32,291	13,358
Taxation – net		**107,900**	48,619	52,368
Cash and bank balances	16	**8,066**	2,218	20,336
		520,146	470,851	458,027
TOTAL ASSETS		**2,086,479**	1,953,917	1,819,774
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital	17	**236,865**	236,865	236,865
Unappropriated profit		**763,601**	669,009	630,902
Surplus on revaluation of property, plant and equipment	18	**548,061**	548,061	548,061
		1,548,527	1,453,935	1,415,828
NON-CURRENT LIABILITIES				
Deferred liabilities	19	**12,002**	14,090	14,786
Deferred taxation	20	**71,181**	84,997	88,782
		83,183	99,087	103,568
CURRENT LIABILITIES				
Trade and other payables	21	**355,557**	276,988	297,563
Unclaimed dividends		**848**	883	883
Short term borrowings	22	**94,674**	120,588	-
Accrued mark-up		**3,690**	2,436	1,932
		454,769	400,895	300,378
CONTINGENCIES AND COMMITMENTS	23			
TOTAL EQUITY AND LIABILITIES		**2,086,479**	1,953,917	1,819,774

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
Sales	24	**2,230,414**	529,614
Cost of sales	25	**(1,993,297)**	(467,563)
Gross profit		**237,117**	62,051
Selling and distribution expenses	26	**(27,965)**	(9,515)
Administrative expenses	27	**(114,349)**	(28,887)
Other expenses	28	**(142,990)**	(5,087)
		(285,304)	(43,489)
Operating (loss) / profit		**(48,187)**	18,562
Finance costs	29	**(10,639)**	(2,355)
Other income	30	**135,732**	31,573
Profit before taxation		**76,906**	47,780
Taxation	31	**16,685**	(9,673)
Net profit for the year / period		**93,591**	38,107

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
	(Rupees in thousands)	
Net profit for the year / period	**93,591**	38,107
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss account		
Actuarial gain on remeasurement of defined benefit obligation	1,430	-
Related tax impact	(429)	-
	1,001	-
Total comprehensive income for the year	**94,592**	38,107

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**446,251**	19,447
Finance costs paid		**(8,110)**	(1,849)
Gratuity paid		**(3,105)**	-
Compensated absences paid		**(3,995)**	(820)
Taxes paid – net		**(56,840)**	(9,708)
Net cash generated from operating activities		**374,201**	7,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(361,654)**	(148,217)
Proceeds from disposal of operating fixed assets		**21,594**	-
Additions to intangible assets		**(2,155)**	2,644
Long-term loans and advances		**(224)**	(203)
Net cash used in investing activities		**(342,439)**	(145,776)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term loan repaid		**(80,000)**	-
Short-term loan obtained		**-**	80,000
Net cash (used in) / generated from financing activities		**(80,000)**	80,000
Net decrease in cash and cash equivalents		**(48,238)**	(58,706)
Cash and cash equivalents as at the beginning of the year / period		**(38,370)**	20,336
Cash and cash equivalents as at the end of the year / period		**(86,608)**	(38,370)
Cash and cash equivalents			
Cash and bank balances		**8,066**	2,218
Short term borrowings	22	**(94,674)**	(40,588)
		(86,608)	(38,370)

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ATLAS ENGINEERING (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Revenue reserve	Capital reserve	Total
		Unappropriated profit	Surplus on revaluation of property, plant and equipment	
	(Rupees in thousands)			
Balance as at April 01, 2017 (without restatement)	236,865	630,902	-	867,767
Effect of restatement	-	-	548,061	548,061
Balance as at April 01, 2017- restated	236,865	630,902	548,061	1,415,828
Net profit for the period	-	38,107	-	38,107
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	38,107	-	38,107
Balance as at June 30, 2017- restated	236,865	669,009	548,061	1,453,935
Net profit for the year	-	**93,591**	-	**93,591**
Other comprehensive income	-	**1,001**	-	**1,001**
Total comprehensive income for the year	-	**94,592**	-	**94,592**
Balance as at June 30, 2018	**236,865**	**763,601**	**548,061**	**1,548,527**

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

CHAIRMAN

ATLAS ENGINEERING (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1. Atlas Engineering (Private) Limited (the Company) was incorporated in Pakistan as a private limited company in 1963 and was converted into a public listed company in 1966. During the year ended March 31, 2012, the Company was delisted from the relevant stock exchanges. The Company is engaged in manufacturing of components and parts for automotive vehicles. The registered office and factory's geographical location of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan.

1.2. During the year, the Company passed special resolution dated September 18, 2017 for approval of conversion of status of the Company from public unlisted company to private limited company in accordance with the requirements of the Companies Act, 2017. Securities and Exchange Commission of Pakistan (SECP) has issued an order to effectuate the conversion of the company and accordingly, the legal status of the company stands converted with effect from 05 January 2018.

1.3. During the period ended June 30, 2017, the Board of Directors has also approved change of accounting year of the Company from March 31 to June 30 in accordance with the requirements of the repealed Companies Ordinance, 1984. Accordingly, the Company has also obtained approval from Securities and Exchange Commission of Pakistan (SECP) and Federal Board of Revenue for the change in the financial year and the tax year respectively. Therefore, these financial statements are prepared for the year ended June 30, 2018 and include comparative information for the period from April 01, 2017 to June 30, 2017, hence the results may not be comparable.

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

- On account of Balancing, Modernization and Replacement program, the Company has sold its fixed assets at a loss of Rs.119 million and certain fixed assets were written off which resulted in a loss of Rs.16 million.
- Due to applicability of the Companies Act, 2017 amounts reported for the previous period are restated. For detailed information please refer note 5.
- For a detailed discussion about the Company's performance please refer to the Directors' report.

3. BASIS OF PREPARATION

3.1. Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3.2. The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Further, the disclosure requirements under the Act have been revised, resulting in elimination of duplicate disclosures with IFRS disclosure requirements and incorporation of additional / amended disclosures as mentioned in notes 1.1, 2, 25.2, 28.1, 28.2, 31.1, 35.3, 36 and 37.

3.3. Accounting Convention

These financial statements have been prepared under the historical cost convention, except:

a) Certain classes of property, plant and equipment (i.e. leasehold land) have been measured at revalued amounts; and

b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. New Standards, Interpretations and Amendments

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 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

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

Standards, amendments and interpretations 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 (accounting periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IFRS 9 – Financial Instruments	July 01, 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRS 16 – Leases	January 01, 2019
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 28 – Long-term Interests in Associates and Joint Ventures – (Amendments)	January 01, 2019
IAS 40 – Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS-15 – Revenue from Contracts with Customers. The Company is currently evaluating the impact of this Standard on the financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 14	– Regulatory Deferral Accounts	January 01, 2016
IFRS 17	– Insurance Contracts	January 01, 2021

4.2. Property, plant and equipment

Operating fixed assets

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

Depreciation on operating fixed assets is charged to profit or loss account applying the reducing balance method, except for measuring instruments, dies, jigs, patterns, plant and other equipments and machinery of radiator segment which are being depreciated applying the straight line method, at the rates specified in note 6.1 to the financial statements. Depreciation is charged from the month asset is available for use 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.

Maintenance and normal repairs are charged to profit or 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.

Increase in the carrying amount arising on revaluation of land is recognized in comprehensive income and accumulated in surplus on revaluation of property, plant and equipment.

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 or loss account.

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.

4.3. Intangible assets

These 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.

4.4. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

Non-financial assets

The carrying value of non-financial assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit or loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

4.5. Stores, spare parts and loose tools

These 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 statement of financial position date.

4.6. Stock-in-trade

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

Stock in transit is stated at invoice price plus other charges paid thereon upto the statement of financial position date.

4.7. Trade debts and other receivables

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

4.8. Cash and cash equivalents

For the purpose of unconsolidated statement of cash flow, cash and cash equivalents comprise of cash in hand, bank balances and short-term investments with a maturity of three months or less from the date of acquisition. The cash and cash equivalents are readily convertible to known amount of cash and are therefore subject to insignificant risk of changes in value.

4.9. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

The company has opted for group taxation under section 59AA of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 statement of financial position date.

4.10. Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme for management staff and an unfunded gratuity scheme for non-management staff. The Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2018. The amounts arising as a result of remeasurements are recognised comprehensive income in the periods in which they occur. Past service costs are recognised immediately in profit or loss account irrespective of the fact that the benefits are vested or non-vested.

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.

4.11. Compensated absences

Company provides a facility to its permanent 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 or loss account. Accrual for compensated absences is calculated on the basis of one month's gross salary. The Company's liability under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". The latest actuarial valuations were carried out at June 30, 2018

4.12. 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.

4.13. 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 statement of financial position date and adjusted to reflect the current best estimate.

4.14. 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 statement of financial position date. Exchange differences on foreign currency translations are included in the profit or loss account.

4.15. Revenue recognition

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

- 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.
- Rental income is recognised on accrual basis.

4.16. 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 or loss account.

4.17. Ijarah rentals

Ijarah payments under an Ijarah arrangement are recognized as an expense in the profit or 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.

4.18. Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognises a financial asset or a portion of financial asset when, and only when, the Company loses control of the contractual rights that comprise the financial asset or portion of financial asset. Financial liability or part of financial liability is derecognised from the statement of financial position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is taken to profit or loss account.

4.19. 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 statement of financial position 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.

4.20. Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards require management to make judgments and estimates that affects the application of accounting policies and the reported amount of assets, liabilities, income and expenses. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

	Note
determining the residual values, useful lives and impairment of property, plant and equipment and intangibles	4.2 & 4.3
impairment of financial and non-financial assets	4.4
provision for slow moving stores, spares and loose tools and stock-in-trade	4.5 & 4.6
provision for doubtful debts and other receivables	4.7
provision of taxation and deferred tax	4.9
provision of compensated absences	4.11

5. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been retained in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of property, plant and equipment would now be presented under equity.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of change in accounting policy is summarised below:

	June 30, 2017	March 31, 2017
	(Rupees in thousands)	
Equity without impact of restatement	**905,874**	867,767
Effect of change in accounting policy	**548,061**	548,061
Equity after impact of change in accounting policy	**1,453,935**	1,415,828

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	**1,463,863**	1,310,948
Capital work-in-progress	6.4	**97,136**	168,612
		1,560,999	1,479,560

6.1. Operating fixed assets

	COST / REVALUATION				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at July 01, 2017	Additions / Transfers *	Disposals/ written-off *	As at June 30, 2018	As at July 01, 2017	Charge for the year	Disposals/ written-off *	As at June 30, 2018	As at June 30, 2018	Depreciation rate %
	(Rupees in thousands)									
Leasehold land	573,529	27,501 *	-	601,030	-	-	-	-	601,030	-
Factory building	161,038	90,969 *	(31,406)*	220,601	43,185	19,806	(28,517)*	34,474	186,127	10
Office building	4,368	-	-	4,368	2,605	89	-	2,694	1,674	5
Generator premises	4,924	-	(4,924) *	-	4,193	69	(4262) *	-	-	10
Plant and machinery	885,917	77,756 *	(356,856)	606,817	398,572	55,196	(237,359)	216,409	390,408	10 & 20
Power generators	153,310	141,241 *	(59,798)	234,753	121,072	5,225	(49,037)	77,260	157,493	10 & 35
Electrical fittings	20,036	28,357	(12,541)	35,852	11,449	1,748	(9,148)	4,049	31,803	10
Office equipment	9,520	1,748	(2,354)	8,914	4,617	861	(2,269)	3,209	5,705	15
Computers and other IT related equipment	25,534	1,379 *	(10,695)	16,218	19,748	2,213	(10,224)	11,737	4,481	30
Furniture and fittings	8,279	989 *	(2,924)	6,344	4,397	400	(2,821)	1976	4,368	10
Vehicles	17,402	15,442	(8,390)	24,454	8,829	2,552	-	11,381	13,073	20
Sui gas, water and drainage lines	6,665	-	(2,097) *	4,568	2,472	427	(1,771) *	1,128	3,440	10
Measuring instruments, dies, jigs, patterns and other equipments	118,098	47,748 *	(70,050)*	95,796	56,533	32,854	(57,852) *	31,535	64,261	25
2018	1,988,620	45,547 387,583 *	(453,558) (108,477)*	1,859,715	677,672	121,440	(310,858) (92,402)*	395,852	1,463,863	

	COST / REVALUATION				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at April 01, 2017	Additions / Transfers *	Disposals/ written-off *	As at June 30, 2017	As at April 01, 2017	Charge for the period	Disposals/ written-off *	As at June 30, 2017	As at June 30, 2017	Depreciation rate %
	(Rupees in thousands)									
Leasehold land	573,529	-	-	573,529	-	-	-	-	573,529	-
Factory building	75,259	86,900 *	(1,121)*	161,038	42,063	1,667	(545) *	43,185	117,853	10
Office building	4,368	-	-	4,368	2,597	8	-	2,605	1,763	5
Generator premises	4,924	-	-	4,924	4,174	19	-	4,193	731	10
Plant and machinery	887,447	2,242 *	(3,772)	885,917	388,482	12,749	(2,659)	398,572	487,345	10
Power generators	153,310	-	-	153,310	120,034	1,038	-	121,072	32,238	10 & 35
Electrical fittings	20,036	-	-	20,036	11,226	223	-	11,449	8,587	10
Office equipment	9,520	-	-	9,520	4,426	191	-	4,617	4,903	15
Computers and other IT related equipment	25,415	119 *	-	25,534	19,280	468	-	19,748	5,786	30
Furniture and fittings	8,279	-	-	8,279	4,298	99	-	4,397	3,882	10
Vehicles	15,579	4,111	(2,288)	17,402	9,277	487	(935)	8,829	8,573	20
Sui gas, water and drainage lines	6,665	-	-	6,665	2,365	107	-	2,472	4,193	10
Measuring instruments, dies, jigs, patterns and other equipments	108,100	9,998 *	-	118,098	49,691	6,842	-	56,533	61,565	25
2017	1,892,431	4,111 99,259 *	(6,060) (1121)*	1,988,620	657,913	23,898	(3,594) (545) *	677,672	1,310,948	

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
6.2. Allocation of depreciation charge:			
Cost of sales	25	**118,379**	23,168
Selling and distribution expenses	26	**23**	8
Administrative expenses	27	**3,038**	722
		121,440	23,898

6.3. The details of operating assets disposed of, having net book value in excess of Rs. 500,000 each are as follows:

	Cost	Accumulated Depreciation	Net Book value	Sale proceeds	Mode of Disposal	Particulars of buyers
	(Rupees in thousands)					
Plant and Machinery	356,856	237,359	119,497	12,298	Negotiation	M/s Akram Scrap Dealer
Power Generator	59,798	49,037	10,761	2,600	Negotiation	M/s Ali Abbas Scrap Dealer
Electrical fittings	12,541	9,147	3,394	64	Negotiation	M/s Akram Scrap Dealer
Honda City	1,188	-	1,188	1,188	Company policy	Mr. Zeeshan Mehdi – Employee
Suzuki Mehran	510	-	510	510	Company policy	Mr. Haider Abbas - Employee
Honda City	1,470	-	1,470	1,470	Company policy	Atlas Aluminium (Private) Limited - Group Company
Suzuki Mehran	651	-	651	651	Company policy	Mr. Irfan Khan- Employee
Suzuki Mehran	558	-	558	558	Company policy	Mr. Anwar Hussain - Employee
Honda Civic	1,747	-	1,747	1,747	Company policy	Atlas Metals (Private) Limited - Group Company
Honda Civic	1,554	-	1,554	1,554	Company policy	Atlas Honda Limited - Group Company

6.4. Capital work-in-progress

	Leashold land	Factory building	Plant and machinery	Power Generators	Computer and other IT related equipment	Furniture	Measuring instruments	Total
	(Rupees in thousands)							
Balance as at April 01, 2017	-	84,368	20,809	-	-	-	18,702	123,879
Capital expenditure incurred / advances paid	-	46,451	73,128	-	119	989	23,305	143,992
Transferred to operating fixed assets	-	(86,900)	(2,242)	-	(119)	-	(9,998)	(99,259)
Balance as at June 30, 2017	**-**	**43,919**	**91,695**	**-**	**-**	**989**	**32,009**	**168,612**
Capital expenditure incurred / advances paid	**27,501**	**48,720**	**70,143**	**141,241**	**2,403**	**-**	**26,099**	**316,107**
Transferred to operating fixed	**(27,501)**	**(90,969)**	**(77,756)**	**(141,241)**	**(1,379)**	**(989)**	**(47,748)**	**(387,583)**
Balance as at June 30, 2018	**-**	**1,670**	**84,082**	**-**	**1,024**	**-**	**-**	**97,136**

6.4.1. During the year, borrowing costs have been capitalized to plant and machinery and power generators amounting to Rs. 7.92 million (June 30, 2017: Rs. 1 million) as a part of cost of such assets.

7. INTANGIBLES

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	As at July 01, 2017	Additions	As at June 30, 2018	As at July 01, 2017	Charge for the year / period	As at June 30, 2018	As at June 30, 2018	Amortization rate
	(Rupees in thousands)							%
Computer softwares								
June 30, 2018	**10,213**	**2,155**	**12,368**	**9,788**	**551**	**10,339**	**2,029**	**33**
June 30, 2017	10,213	-	10,213	9,741	47	9,788	425	33

7.1. The entire amortization has been charged under administrative expenses (note 27).

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	
8. LONG-TERM LOANS AND ADVANCES - secured, considered good			
Loans to employees	8.1	**765**	506
Less: current maturity shown under current assets	13	**(260)**	(225)
		505	281
Advances to employees		**10**	10
Less: current maturity shown under current assets	13	**(10)**	(10)
		-	-
		505	281

8.1. These are provided to employees under their terms of employment . These carry mark-up at the rate of 1% (June 30, 2017: 1%) per month and are recoverable in equal monthly installments over a period of maximum 20 months. These are secured against employees' retirement benefits.

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	
9. LONG-TERM DEPOSITS			
Ijarah		**735**	735
Utilities		**1,051**	1,051
Suppliers		**246**	246
Others		**768**	768
		2,800	2,800
10. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores and spare parts		**13,406**	10,867
Loose tools		**32,252**	38,463
		45,658	49,330
11. STOCK-IN-TRADE			
Raw and ancillary materials			
In hand		**195,111**	128,178
In transit		**10,707**	25,055
		205,818	153,233
Work-in-process		**18,093**	32,071
Finished goods		**79,377**	56,636
		303,288	241,940
Less: Provision for obsolescence		**(6,204)**	(1,200)
		297,084	240,740
12. TRADE DEBTS – unsecured, considered good	12.1	**39,575**	85,198

12.1. The ageing analysis of unimpaired trade debts is as follows:

	June 30, 2018	June 30, 2017
Neither past due nor impaired	**5,402**	38,160
Past due but not impaired		
- 31 to 60 days	**7,452**	6,829
- 61 to 90 days	**6,486**	14,925
- over 90 days	**20,235**	25,284
	39,575	85,198

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	
13. LOANS AND ADVANCES - considered good			
Secured			
Current maturity of:			
loans to employees	8	**260**	225
advances to employees	8	**10**	10
		270	235
Unsecured			
Advances to suppliers		**2,913**	294
Advances to employees		**2,336**	1,361
		5,249	1,655
		5,519	1,890

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

		June 30, 2018	June 30, 2017
Trade deposits		**2,415**	1,226
Short-term prepayments		**1,522**	9,339
		3,937	10,565

15. OTHER RECEIVABLES

	Note	June 30, 2018	June 30, 2017
Due from related parties:			
- Atlas Hitec (Private) Limited	15.1	-	1,506
- Atlas Metals (Private) Limited	15.1	-	6,911
- Provident Fund	15.2 & 15.3	-	2,500
		-	10,917
Sales tax		-	21,374
Receivable against disposal of plant and machinery		**12,407**	-
		12,407	32,291

15.1. The maximum aggregate amount receivable from related parties at the end of any month during the year was nil (June 30, 2017: Rs. 10.9 million).

15.2. Disclosures relating to Provident Fund

	June 30, 2018 (Un-Audited)	June 30, 2017 (Audited)
	(Rupees in thousands)	
Size of the trust	**88,369**	123,726
Cost of investments made	**71,928**	102,288
Fair value of investments	**80,321**	112,168
Percentage of investment made	**91%**	91%

The breakup of investments is as follows:

	June 30, 2018 (Un-Audited) Rupees in thousands	%	June 30, 2017 (Audited) Rupees in thousands	%
Bank balances	**598**	**1**	637	8
Government securities	**72,823**	**91**	68,112	56
Mutual funds	**6,900**	**8**	43,419	36
Total	**80,321**	**100**	112,168	100

15.3. The investments in collective investment schemes, listed equity and listed debt securities out of aforementioned fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
16. CASH AND BANK BALANCES		
Cash in hand	**1,598**	907
Bank balances - current accounts	**6,468**	1,311
	8,066	2,218

17. SHARE CAPITAL

June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017
Number of shares			(Rupees in thousands)	
		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
(986,936)	(986,936)	- reduction in capital	**(9,869)**	(9,869)
23,686,454	23,686,454		**236,865**	236,865

17.1. As of the statement of financial position date, Shirazi Investments (Private) Limited, the Parent Company held 100% (June 30, 2017: 100%) shares of the Company.

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
18. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	**548,061**	548,061

18.1. The Company carries its leasehold land on revalued amount. The latest revaluation was carried out in March, 2016 by M/s. Surval - Engineers, Surveyor and Technical Consultant resulting in surplus amounting to Rs.191.701 million which has been credited to surplus on revaluation of property, plant and equipment account. Had the land been carried at cost, it would have been carried at Rs. 25.468 million . Forced sale value of the land at the time of revaluation was Rs. 445.82 million.

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	
19. DEFERRED LIABILITIES			
Non-management staff gratuity	19.1	**2,245**	2,561
Compensated absences	19.2	**9,757**	11,529
		12,002	14,090

	2018		
	Management	Non-Management	Total
	(Rupees in thousands)		
19.1. Statement of financial position reconciliation as at year end			
Present value of defined benefit obligation	30,749	2,245	32,994
Fair value of plan assets	(28,122)	-	(28,122)
	2,627	2,245	4,872
Payable in respect of Inter Group Transfers	5,747	-	5,747
Net liability as at the end of the year	8,374	2,245	10,619
19.1.1. Movement in present value of defined benefit obligation			
Present value of defined benefit obligation as at the beginning of the year	34,828	2,258	37,086
Current service cost	1,981	91	2,072
Interest cost	2,631	176	2,807
Benefits paid during the year	(1344)	(258)	(1,602)
Remeasurement loss / (gain)	(1,858)	(22)	(1,880)
Liability recognized in respect of Inter Group transfers	(5,489)	-	(5,489)
Present value of defined benefit obligation as at the end of the year	30,749	2,245	32,994
19.1.2. Movement in fair value of plan assets			
Fair value of plan assets as at the beginning of the year	25,623	-	25,623
Expected return on plan assets	1,943	-	1,943
Contributions made during the year	2,848	-	2,848
Benefits paid during the year	(1,344)	-	(1,344)
Remeasurement (loss) / gain	(1,206)	-	(1,206)
Assets in respect of Inter Group transfers	258	-	258
Present value of plan assets as at the end of the year	28,122	-	28,122
19.1.3. Amounts recognised in the profit or loss account			
Current service cost	1,981	91	2,072
Interest cost	2,631	176	2,807
Expected return on assets	(1,943)	-	(1,943)
Charge for the year	2,669	267	2,936

	2018	
	Management	Non-Management
19.1.4. Principal actuarial assumptions:		
Discount rate – per annum compound	9.00%	9.00%
Expected rate of return on plan assets – per annum	7.58%	-
Expected rate of increase in future salaries – per annum	8.00%	8.00%
19.1.5. Actual return on plan assets	737,364	-

19.1.6. Plan assets comprise of the following:

	2018 (Rupees in thousands)	%
Debt instruments	13,648	48
Shares and units of mutual funds	14,425	51
Cash	49	1
	28,122	100

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

19.1.8. Expected contribution to management staff gratuity fund for the year ending June 30, 2019 is Rs. 2.297 (2018: Rs. 2.702 million).

19.1.9. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
		----- (Rupees in thousands) -----	
Discount rate	1.00%	29,010	32,695
Salary growth rate	1.00%	32,545	29,115

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

Due to change of accounting year as disclosed in note1.3, comparative figures as at June 30, 2017 are not disclosed here since the last actuarial valuation was carried out as at March 31, 2017.

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
19.2. Compensated absences		
Balance at the beginning of the year / period	11,529	12,349
Charge for the year / period	2,223	125
Payments made during the year / period	(3,995)	(945)
Balance at the end of the year / period	9,757	11,529

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	

20. DEFERRED TAXATION

Accelerated tax depreciation		**83,924**	92,348
Provisions		**(4,359)**	(7,351)
Carry forward of Minimum tax		**(6,623)**	-
Unused tax credit		**(1,751)**	-
Others		**(10)**	-
		71,181	84,997

21. TRADE AND OTHER PAYABLES

Trade creditors		**59,166**	81,589
Murabaha		-	13,038
Accrued liabilities		**27,418**	30,931
Advance rent from related parties		**10,076**	9,174
Management staff gratuity	19.1	**8,374**	10,076
Royalty and technical fee payable		**9,391**	6,720
Sales tax payable		**18,685**	-
Withholding tax payable		-	1,275
Provisions	21.1	**217,308**	117,673
Deposits from employees		**2,791**	2,565
Workers' Profits Participation Fund	21.2	**900**	900
Workers' Welfare Fund		-	2,928
Others		**1,448**	119
		355,557	276,988

21.1. Provisions

	Opening balance	Charge for the year / period	Payments during the year / period	Closing Balance
	----------- (Rupees in thousands) -----------			
Gas infrastructure development cess	**68,032**	**27,301**	-	**95,333**
OGRA Gas tariff difference	**26,493**	**16,917**	-	**43,410**
Sindh Infrastructure development cess	**11,661**	**12,888**	**(6,444)**	**18,105**
Bonus	**12,224**	**65,697**	**(17,461)**	**60,460**
June 30, 2018	**118,410**	**122,803**	**(23,905)**	**217,308**
June 30, 2017	144,323	21,963	(48,613)	117,673

	Note	June 30, 2018	June 30, 2017
		(Rupees in thousands)	

21.2. Workers' Profits Participation Fund

Balance at the beginning of the year / period	**900**	7,516
Charge for the year / period	-	900
	900	8,416
Less: Amount paid during the year / period	-	(7,516)
Balance at the end of the year / period	**900**	900

22. SHORT TERM BORROWINGS-secured

Short-term loan		-	80,000
Short-term running finance	22.1	**94,675**	40,588
		94,675	120,588

22.1. The aggregate facilities for short term running finance from various banks as at June 30, 2018 amounted to Rs. 682 million (June 30, 2017: Rs. 582 million). These facilities carry mark-up ranging from 1 month and 3 months KIBOR plus 0.10% to 1% (June 30,2017: 1 month KIBOR plus 0.50% to 1%) per annum. These are secured by first pari-passu joint hypothecation of stocks and book debts of the Company.

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	

23. CONTINGENCIES AND COMMITMENTS

23.1. Outstanding letters of credit	**87,978**	116,639
23.2. Outstanding letter of guarantees	**104,588**	42,811
23.3. Commitments for capital expenditure	**3,024**	151,834

23.4. The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows:

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
Within one year	**8,833**	12,988
After one year but not more than five years	**15,772**	19,300
	24,605	32,288

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	

24. SALES – net

	Note		
Local sales		**2,639,525**	629,551
Less: Discount		**(18,535)**	(3,321)
Less: Sales tax		**(400,237)**	(96,616)
		2,220,753	529,614
Export sales		**9,661**	-
		2,230,414	529,614

25. COST OF SALES

	Note		
Raw and ancillary materials consumed		**1,075,658**	233,149
Stores, spare parts and loose tools consumed		**113,913**	25,247
Salaries, wages and benefits	25.1	**473,691**	111,161
Fuel, water and power		**161,922**	44,107
Rent, rates and taxes		**110**	8
Insurance		**8,905**	1,888
Training expenses		**4,145**	1,001
Travelling		**942**	163
Repairs and maintenance		**38,496**	6,736
Depreciation	6.2	**118,379**	23,168
Provision for obsolescence of stock-in-trade		**5,004**	-
Ijarah rentals		**6,454**	1,865
Royalty and technical fee	25.2	**14,596**	3,188
Printing and stationery		**910**	178
Postage, telephone and telegrams		**974**	123
General expenses		**3,931**	746
Reimbursement of fixed expenses	25.3	**(25,970)**	(6,318)
		2,002,060	446,410
Opening work-in-process		**32,071**	32,487
Closing work-in-process		**(18,093)**	(32,071)
		13,978	416
Cost of goods manufactured		**2,016,038**	446,826
Opening stock of finished goods		**56,636**	77,373
Closing stock of finished goods		**(79,377)**	(56,636)
		(22,741)	20,737
		1,993,297	467,563

25.1. These include Rs. 6.164 million (June 30, 2017: Rs. 1.584 million) in respect of staff retirement benefits.

25.2. Royalty paid during the year (excluding Sindh Sales Tax on services) comprise of the following:

Company Name	Address	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		-- (Rupees in '000) ---	
- Honda Foundary Ltd	1620, Matoba Kawago, Saitama, Japan.	**6,235**	5,438
- Shingdengen Electric Ltd.	New-Ohtemachi Bldg., 2-1 Ohtemachi 2-chome, Chiyoda-Ku, Tokyo, Japan.	**5,692**	-

25.3. Represent reimbursement of expenses received by the Company on account of salaries, wages and benefits and general expenses incurred during the year on behalf of related parties.

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
26. SELLING AND DISTRIBUTION EXPENSES			
Salaries and allowances	26.1	**11,911**	2,422
Advertisement and publicity		**1,945**	3,116
Cartage and octroy		**2,335**	1,047
Travelling and conveyance		**3,915**	885
Executive training		**120**	10
Depreciation	6.2	**23**	8
Insurance		**4,642**	373
Ijarah rentals		**1,393**	1,164
Printing and stationery		**90**	8
Postage, telephone and telegrams		**120**	70
Medical expenses		**184**	115
Rent, rates and taxes		**953**	244
Repairs and maintenance		**23**	2
General expenses		**311**	51
		27,965	9,515

26.1. These include Rs. 3.082 million (June 30, 2017: Rs. 0.110 million) in respect of staff retirement benefits.

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
27. ADMINISTRATIVE EXPENSES			
Salaries and allowances	27.1	**85,966**	21,401
Travelling and conveyance		**2,188**	478
Rent, rates and taxes		**1,885**	398
Depreciation	6.2	**3,038**	722
Amortization	7.1	**551**	47
Insurance		**542**	581
Printing and stationery		**974**	155
Postage, telephone and telegrams		**624**	125
Subscriptions		**430**	127
Ijarah rentals		**4,816**	1,229
Advertisement and publicity		**267**	40
Training expenses		**1,035**	328
Repairs and maintenance		**8,955**	1,781
General expenses		**3,078**	1,475
		114,349	28,887

27.1. These include Rs. 1.027 million (June 2017: Rs. 0.411 million) in respect of staff retirement benefits.

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
28. OTHER EXPENSES			
Operating fixed assets written off	2	**16,075**	576
Loss on disposal of operating fixed assets	2	**121,105**	-
Legal and professional charges		**3,664**	1,686
Workers' Profits Participation Fund	21.2	-	900
Workers' Welfare Fund		-	320
Auditors' remuneration	28.1	**1,371**	925
Donation	28.2	**775**	680
		142,990	5,087

28.1. Auditors' remuneration

Audit fee	**726**	726
Other certifications	**545**	139
Out of pocket expenses	**100**	60
	1,371	925

28.2. Represents donation to Atlas Foundation. Mr. Yusuf H. Shirazi, Mr. Frahim Ali Khan and Mr. Jawaid Iqbal Ahmed, directors of the Company are also the directors in Atlas Foundation.

	Note	For the year ended June 30, 2018	For the period from April 01 , 2017 to June 30, 2017
		(Rupees in thousands)	
29. FINANCE COSTS			
Mark-up on short-term borrowings		**9,362**	1,787
Bank and other charges		**1,277**	568
		10,639	2,355
30. OTHER INCOME			
Rental income from related parties	30.1	**135,732**	31,395
Gain on disposal of operating fixed assets		-	178
		135,732	31,573

30.1. Represents rental income earned from following related parties:

Atlas Metals (Private) Limited	**79,618**	18,503
Atlas Autos (Private) Limited	**8,268**	2,007
Atlas Hi-tech (Private) Limited	**12,047**	2,777
Atlas Aluminium (Private) Limited	**31,309**	7,019
Atlas Die Casting (Private) Limited	**4,490**	1,089
	135,732	31,395

31. TAXATION

For the year / period:		
- current	-	13,457
- prior	**(2,440)**	-
- deferred	**(14,245)**	(3,784)
	(16,685)	9,673

31.1. Management has provided sufficient tax provision in financial statements in accordance with the Income Tax Ordinance, 2001.Following is the comparison of tax provision as per accounts vis a vis tax assessment for the last three tax years:

	Provision for taxation	Tax assessed	Excess / (deficit)
	----------(Rupees in thousands)----------		
June 30, 2017	13,457	9,598	3,859
March 31, 2017	52,359	53,778	(1,419)
March 31, 2016	43,915	44,592	(683)

	Note	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
31.2. Reconciliation between tax expense and accounting profit			
Accounting profit before taxation		**76,906**	47,780
Corporate tax rate		**30%**	31%
Tax on accounting profit at applicable rate		**23,072**	14,812
Tax effects of:			
- prior year		**(2,440)**	-
- tax credit / rebate		**(29,743)**	(1,107)
- inadmissible expenses		**(854)**	(4,032)
- income assessed under FTR		**(97)**	-
- unused tax credits		**(6,623)**	-
		(16,685)	9,673
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		**76,906**	47,780
Adjustments for:			
Depreciation		**121,440**	23,898
Amortization		**551**	47
Loss (Gain) / on disposal of operating fixed assets		**121,105**	(178)
Operating fixed assets written off		**16,075**	576
Provision for gratuity		**2,935**	1,044
Accrual for compensated absences		**2,223**	120
Finance costs		**9,362**	2,355
		273,691	27,862
Operating profit before working capital changes		**350,597**	75,642
Working capital changes	32.1	**95,654**	(56,195)
Cash generated from operations		**446,251**	19,447
32.1. Working capital changes			
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		**3,672**	(7,477)
Stock-in-trade		**(56,344)**	(2,237)
Trade debts		**45,623**	(1,086)
Loans and advances		**(3,629)**	(87)
Trade deposits and short-term prepayments		**6,628**	(4,872)
Other receivables		**19,884**	(18,933)
		15,834	(34,692)
Increase / (decrease) in current liabilities			
Trade and other payables		**79,820**	(21,503)
		95,654	(56,195)

33. REMUNERATION OF DIRECTORS

No remuneration was paid/payable to the directors of the company, However, the remuneration of Chief Executive and Executives are as follows:

	Chief Executive		Executives	
	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
	(Rupees in thousands)			
Managerial remuneration	**8,497**	2,124	**16,504**	4,126
Rent	**3,325**	831	**6,458**	1615
Bonus	**3,664**	1,570	**6,134**	2,629
Utilities	**738**	185	**1,435**	359
Retirement benefits	**812**	203	**1,578**	395
Reimbursable expenses	**848**	212	**1,744**	436
	17,884	5,125	**33,853**	9,560
Number of persons	**1**	1	**7**	7

Comparative figures have been included to reflect changes in the definition of executive as per Companies Act, 2017.

In addition to the above, Chief Executive is provided with Company maintained car and telephone at residence.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

34.1. Credit risk

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

Concentrations of credit risks 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.

The maximum exposure to credit risk at the statement of financial position date is as follows:

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
Loans and advances	**6,024**	2,171
Deposits	**2,415**	1,226
Trade debts	**39,575**	85,198
Other receivables	**12,407**	32,291
Bank balances	**6,468**	1,311
	66,889	122,197

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:

	June 30, 2018	June 30, 2017
	(Rupees in thousands)	
Customers with no defaults in the past one year		
Trade debts	**39,575**	85,198
Bank balances		
A1+	**1,862**	45
A-1+	**3,650**	698
A-1	**956**	568
	6,468	1,311

34.2. 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:

	June 30, 2018		
	On demand	Less than 3 months	Total
	----------- (Rupees in thousands) -----------		
Short term borrowing - secured	-	94,675	94,675
Trade and other payables	2,791	105,796	108,587
Accrued mark-up	-	3,689	3,689
	2,791	204,160	206,951

	June 30, 2017		
	On demand	Less than 3 months	Total
	----------- (Rupees in thousands) -----------		
Short term borrowing - secured	-	120,588	120,588
Trade and other payables	2,565	141,736	144,301
Accrued mark-up	-	2,437	2,437
	2,565	264,761	267,326

34.3. Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates to the Company's short term running finance with floating interest rates. The company mitigates its risk against the exposure through focusing on maintaining bank balances.

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

	Increase / decrease in basis points	Effect on profit before tax (Rs. in thousands)
June 30, 2018		
	+100	**(947)**
	-100	**947**
June 30, 2017		
	+100	(1,205)
	-100	1,205

34.4. Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist as a result of transactions with foreign undertakings. As of the statement of financial position date, the Company is not exposed to any such risk.

34.5. Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain the development of the business and maximize the shareholders' value. The Company manages its capital structure and makes adjustment to it in light of changes in economic conditions. As of statement of financial position date, the Company does not have any long-term financing.

34.6. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As of the statement of financial position date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

35. RELATED PARTY TRANSACTIONS

35.1. The related parties comprise of Parent Company, associates, directors, key management personnel and retirement funds. Transactions with related parties, other than those disclosed elsewhere in the financial statements are as follows:

Relationship	Nature of transactions	For the year ended June 30, 2018	For the period from April 01, 2017 to June 30, 2017
		(Rupees in thousands)	
Parent Company	Rent expense	**1,339**	1,218
Associated companies	Purchases	**431,670**	399,938
	Sales	**1,604,377**	144,644
	Purchase of operating fixed assets	**3,323**	9,663
	Sale of operating fixed assets	**3,393**	-
	Services expense	**-**	34
	Rent expense	**685**	-
	Insurance premium	**23,237**	7,090
Retirement funds	Contribution during the year	**10,452**	6,971

35.2. Details to compensation to the key management personnel have been disclosed in the note 33 to the financial statements.

35.3. Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Company Name	Relationship	Percentage of shareholding	Registered Address	Country of Incorporation
Shirazi Investments (Private) Limited	Parent Company	100%	2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Honda Limited	Associated Company	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Asset Management Limited	Associated Company	Nil	Ground Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Metals (Private) Limited	Associated Company	Nil	15th Mile National Highway, Landhi, Karachi	Pakistan
Atlas Autos (Private) Limited	Associated Company	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Hitech (Private) Limited	Associated Company	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Die Casting (Private) Limited	Associated Company	Nil	F-36, Estate Avenue, SITE Area, Karachi	Pakistan
Atlas Foundation	Associated Company	Nil	2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi	Pakistan
Atlas Insurance Limted	Associated Company	Nil	Federation House, Abdullah Shah Ghazi Road, Main Clifton Karachi	Pakistan
Shirazi Trading (Private) Limited	Associated Company	Nil	Plot no. 114C, Al-Murtaza Commercial lane-3 off Khayaban-e-Iqbal, Phase VIII DHA, Karachi	Pakistan
Atlas Aluminum (Private) Limited	Associated Company	Nil	15th Mile National Highway, Landhi, Karachi	Pakistan
Atlas Worldwide	Associated Company	Nil	Office No. 311, Nasir Ahmed Nasir Lootah Bldg. Khalid Bin Waleed Road Dubai, United Arab Emirates	United Arab Emirates
Atlas Global	Associated Company	Nil	Office 323, Block-B, Techno Park Building, Sheikh Mohammed Bin Zayed Road Dubai, United Arab Emirates	United Arab Emirates
Atlas Venture	Associated Company	Nil	Room 17, Floor 14, Wangfujing Building No. "B" Shapingba District, Chongqing, China.	China

36. NUMBER OF EMPLOYEES

	June 30, 2018	June 30, 2017
Total number of employees as at year end / period end	**169**	179
Total number of factory employees as at year end / period end	**45**	52
Average number of employees during the year / period	**174**	178
Average number of factory employees during the year / period	**49**	50

37. 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.

38. GENERAL

38.1. Certain prior year figures have been rearranged and reclassified, wherever necessary, for better presentation.

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

38.3. These financial statements were authorized for issue on September 07, 2023 by the Board of Directors of the Company.

CHIEF EXECUTIVE OFFICER

CHAIRMAN