Atlas Autos

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

	Year ended June 30, 2018	Year ended June 30, 2017
	----------(Rs. In "000")----------	
Profit before taxation	1,326,403	1,206,287
Taxation		
Current	(308,449)	(388,527)
Deffered	(38,469)	(3,916)
	(346,918)	(392,443)
Profit after taxation	**979,485**	**813,844**
Other comprehensive income		
Loss on remeasurement of staff retirement benefit obligation	(8,920)	(728)
Impact of deferred taxation	2,474	205
	(6,446)	(523)
Total comprehensive income	**973,039**	**813,321**

Atlas Autos

Dividends and Appropriations

The Board of Directors has recommended final cash dividend of Rs. 2.5 per share, i.e., 25%. (2017: Rs. 2.5 per share, i.e., 25%). Accordingly, following appropriation has been made:

	Year ended June 30, 2018	Year ended June 30, 2017
	----------(Rs. In "000")----------	
Profit available for appropriation	3,320,270	2,447,231
Appropriation - Dividend	(100,000) *	(100,000)
	3,220,270	**2,347,231**

* *Dividend proposed for the year ended June 30, 2018*

Auditors Appointment

The retiring auditors M/s ShineWing Hameed Chaudhri & Co. Chartered Accountants, being eligible, offered themselves for re-appointment. The Board of Directors has recommended their re-appointment as auditors of the Company for the year 2018 - 19.

For and on behalf of the
Board of Directors

ATLAS AUTOS (PRIVATE) LIMITED

Suhail Ahmed
Chief Executive Officer

Karachi: September 10, 2018.

ATLAS AUTOS (PRIVATE) LIMITED

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2018

Karachi Chambers.
Hasrat Mohani Road, Karachi.
Tel: +92 21 32412754, 32411474
Fax: +92 21 32424835
Email: khi@hccpk.com

Principal Office:
HM House,
7-Bank Square, Lahore.
Tel: +92 42 37235084-87
Fax: +92 42 37235083
Email: lhr@hccpk.com
www.hccpk.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLAS AUTOS (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Atlas Autos (Private) Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows 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, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 June 30, 2018 and of the profit and other comprehensive loss, 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 Auditor's 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 Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of 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 are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 other comprehensive income, the statement of changes in equity and the statement of cash flows 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 auditor's report is Raheel Ahmed.

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS
KARACHI;

10 SEP 2018

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

	Note	2018	2017
		---- Rupees in '000 ----	
ASSETS			
Non current assets			
Property, plant and equipment	6	1,715,702	769,245
Intangible assets	7	4,837	1,182
Long term investments	8	1,441,000	1,141,000
Long term deposits		13,940	4,470
Long term loans and advances	9	7,634	4,306
		3,183,113	1,920,203
Current assets			
Stores, spares and loose tools	10	54,008	20,069
Stock-in-trade	11	719,403	564,144
Trade debts	12	282,449	535,217
Loans and advances	13	11,295	6,763
Deposits and other receivables	14	167,341	158,397
Taxation - net		234,385	32,298
Bank balances	15	703,221	666,195
		2,172,102	1,983,083
Total assets		5,355,215	3,903,286

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

	Note	2018	2017
		---- Rupees in '000 ----	
EQUITY AND LIABILITIES			
Share capital and reserve			
Share capital	16	400,000	400,000
Unappropriated profit		3,320,270	2,447,231
Total equity		3,720,270	2,847,231
Liabilities			
Non current liabilities			
Compensated absences	17	59,693	39,783
Deferred taxation	18	69,399	33,404
		129,092	73,187
Current liabilities			
Trade and other payables	19	1,505,853	982,868
Total liabilities		1,634,945	1,056,055
Contingencies and commitments	21		
Total equity and liabilities		5,355,215	3,903,286

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

ATLAS AUTOS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		---- Rupees in '000 ----	
Sales	22	12,789,473	10,406,501
Cost of sales and services	23	(11,212,538)	(8,962,783)
Gross profit		1,576,935	1,443,718
Administrative and general expenses	24	(260,866)	(229,809)
Other income	25	93,576	68,607
Other expenses	26	(79,935)	(73,906)
Profit from operations		1,329,710	1,208,610
Finance cost	27	(3,307)	(2,323)
Profit before taxation		1,326,403	1,206,287
Taxation	28	(346,918)	(392,443)
Profit after taxation		979,485	813,844
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of staff retirement benefit obligation		(8,920)	(728)
Impact of deferred tax		2,474	205
Other comprehensive loss for the year - net of tax		(6,446)	(523)
Total comprehensive income for the year		973,039	813,321

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

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

	Share capital	Unappro-priated profit	Total
	------------- Rupees in '000 -------------		
Balance as at July 1, 2016	400,000	1,733,910	2,133,910
Transaction with owners recognised directly in equity			
Cash dividend for the year ended June 30, 2016 at the rate of Rs.2.50 per share	-	(100,000)	(100,000)
Total comprehensive income for the year ended June 30, 2017			
Profit for the year	-	813,844	813,844
Other comprehensive loss	-	(523)	(523)
	-	813,321	813,321
Balance as at June 30, 2017	**400,000**	**2,447,231**	**2,847,231**
Transaction with owners recognised directly in equity			
Cash dividend for the year ended June 30, 2017 at the rate of Rs.2.50 per share	-	(100,000)	(100,000)
Total comprehensive income for the year ended June 30, 2018			
Profit for the year	-	979,485	979,485
Other comprehensive loss	-	(6,446)	(6,446)
	-	973,039	973,039
Balance as at June 30, 2018	**400,000**	**3,320,270**	**3,720,270**

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer **Director**

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

	2018	2017
	---- Rupees in '000 ----	
Cash flows from operating activities		
Profit before taxation	**1,326,403**	1,206,287
Adjustments for non cash charges and other items:		
Depreciation and amortisation	**138,903**	84,261
Provision for compensated absences	**23,714**	17,874
Provision for gratuity	**4,357**	4,250
Provision for doubtful debts	**3,000**	3,000
Provision for slow moving stock	**-**	5,000
Gain on disposal of operating fixed assets	**(829)**	-
Mark-up / interest on savings accounts and term deposit receipts	**(11,937)**	(11,059)
Dividend income	**(27,645)**	(21,825)
Cash flows before working capital changes	**1,455,966**	1,287,788
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(33,939)**	(5,543)
Stock-in-trade	**(155,259)**	(53,805)
Trade debts	**249,768**	(100,960)
Loans and advances	**(4,532)**	(994)
Deposits and other receivables	**(8,944)**	(30,229)
Increase in current liabilities		
Trade and other payables	**514,686**	244,153
	561,780	52,622
Cash generated from operating activities	**2,017,746**	1,340,410
Income tax paid	**(510,536)**	(405,789)
Compensated absences and gratuity paid	**(8,782)**	(8,751)
Long term deposits	**(9,470)**	-
Long term loans and advances - net	**(3,328)**	(1,986)
Net cash generated from operating activities	**1,485,630**	923,884
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,119,039)**	(292,979)
Payment for intangible asset	**(5,369)**	-
Sale proceeds from disposal of operating fixed assets	**36,222**	31,336
Profit on saving accounts and deposits received	**11,937**	11,059
Long term investment in subsidiary company	**(300,000)**	(300,000)
Dividend received	**27,645**	21,825
Net cash used in investing activities	**(1,348,604)**	(528,759)
Cash flows from financing activities - dividend paid	**(100,000)**	(100,000)
Net increase in cash and cash equivalents	**37,026**	295,125
Cash and cash equivalents at beginning of the year	**666,195**	371,070
Cash and cash equivalents at end of the year	**703,221**	666,195

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer | **Director**

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

1. LEGAL STATUS AND OPERATIONS

Atlas Autos (Private) Limited (the Company) is a private limited company incorporated in Pakistan on March 16, 2011, under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited. The registered office is situated at Federation House, Shara-e-Firdousi, Clifton, Karachi. The Company is engaged in the manufacturing, processing and trading of automotive parts, components, accessories and tools including trading of automotive & logistic services. The manufacturing and assembly facilities of the Company are situated at Karachi and Sheikhupura.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provision of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for staff retirement benefit - gratuity which is measured at the present value of defined benefit obligation net of the fair value of plan assets.

2.3 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

Capital expenditure

During the year, the Company incurred major capital expenditure and introduced four new products. This is reflected in note 6.1.

Investment in subsidiary

During the year, the Company have fully subscribed 30,000,000 right shares of Atlas Die Casting (Private) Limited amounting to Rs.300,000 thousand.

4. New and amended standards and interpretations

4.1 Standards and amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning July 1, 2017:

(a) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have material impact on the Company's financial statements.

(b) Amendments to IAS 12, 'Income taxes' are applicable for annual periods beginning on or after January 1, 2017. The amendment clarifies deferred tax treatment for debt instrument and also addresses questions regarding determination of future taxable profit for the recognition test of deferred tax. The amendments are not likely to have material impact on the Company's financial statements.

(c) The Companies Act, 2017 (the Act, 2017) promulgated in the current financial year. The Act, 2017 also revised fifth schedule of the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of financial statement of the companies. These changes are applicable the first time to the Company for the financial statements for the year ended June 30, 2018.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

4.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2017 and have not been early adopted by the Company:

(a) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after July 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after July 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(c) IFRS 16, 'Leases' is applicable on accounting periods beginning on or after January 1, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial statement. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The standard not likely to have material impact on the Company's financial statements.

(d) IFRIC 22 'Foreign Currency Transactions and Advance Consideration' is applicable for annual periods beginning on or after January 1, 2018. The interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The related item is translated using the exchange rate on the date that the advance foreign currency was paid or received and the prepayment or deferred income recognised.

(e) IFRIC 23 'Uncertainty over Income Tax Treatment' is applicable for annual periods beginning on or after January 1, 2019. The amendment clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

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

4.3 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

The estimates and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are continually evaluated. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas involving significant estimates or judgements are:

(i) Estimate of useful lives and residual values of property, plant & equipment and intangible assets - notes 5.1 and 5.2

(ii) Provision for doubtful debts - note 5.8

(iii) Estimate of payables and receivables in respect of employees' retirement benefit - note 5.12

(iv) Estimation of current and deferred tax - note 5.14

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

5.1 Property, plant and equipment

Property, plant and equipment except for capital work-in-progress are stated at cost less accumulated depreciation and impairment loss if any. Capital work-in-progress is stated at cost accumulated up to the reporting date less accumulated impairment loss if any. Capital work-in-progress is recognised as an operating fixed asset when it is made available for its intended use.

Depreciation is charged to the profit and loss account using straight line basis except for vehicles. Depreciation on vehicles is charged to the profit and loss account using the reducing balance method. Depreciation is charged at rates stated in note 6.1. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'accounting policies, changes in accounting estimates and errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods.

Disposal of an asset is recognised when significant risk and rewards, incidental to the ownership of the asset, have been transferred to the buyer. Gains and losses on disposals are determined by comparing the carrying amount of the asset with the realised sales proceeds and are recognised in the profit and loss account.

5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight-line method over their estimated useful lives. Amortisation is charged at the rate stated in note 7.

Amortisation on additions is charged from the month following in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Useful lives of intangible assets are reviewed at each reporting date and adjusted if the impact of amortisation is significant.

5.3 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised as an expense in the profit and loss account for the amount by which the 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. The value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects the current market assessment of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

5.4 Investments in Subsidiary and Associated Companies

Investments in Subsidiary and Associated Companies are carried at cost less impairment if any. Impairment losses are recognised as an expense. At each reporting date, the Company reviews the carrying amounts of investments and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss which is recognised as an expense in profit and loss account.

5.5 Stores, spares and loose tools

Stores, spares and loose tools are stated at cost which is based on weighted average cost less provision for obsolesce if any. Items-in-transit is stated at cost comprising of invoice value plus other charges accumulated upto the reporting date.

5.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. The cost of materials and components represents invoice values plus other charges incurred thereon. The cost of inventory is based on weighted average cost. Goods-in-transit is valued at cost accumulated upto the reporting date.

The Company reviews the carrying amount of stock-in-trade on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

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

5.7 Loans and advances

These are stated at cost less impairment if any.

5.8 Trade debts and other receivables

Trade and other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Trade and other receivables considered irrecoverable are written-off.

5.9 Financial assets and liabilities

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

Financial instruments carried on the statement of financial position includes deposits, loans & advances, trade debts, other receivables, bank balances and trade & other payables. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.10 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of balances with banks.

5.12 Retirement and other service benefits

The Company has following plans for its employees:

5.12.1 **Defined contribution plan**

The Company operates defined contribution plan for its permanent employees through voluntary pension schemes managed by Atlas Asset Management Limited, an Associated Company, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

Equal monthly contributions at the rate of 11% of the basic salary are made to the scheme both by the Company and the employees.

5.12.2 **Defined benefit plan** - Gratuity

The Company operates an approved funded gratuity scheme for its staff who completes the qualifying period of service. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the end of reporting period less fair value of plan assets. Contribution under the scheme is made on the basis of actuarial valuation.

The amount arising as a result of re-measurements is recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur. Past-service cost is recognised immediately in profit and loss account.

5.12.3 **Compensated absences**

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

5.13 Trade and other payables

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

5.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the statement of financial position method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

5.15 Foreign currency translations

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end foreign exchange rates. Non-monetary assets and liabilities are translated using the exchange rate that existed when the values were determined. Exchange differences on foreign currency translations are taken to profit and loss account currently.

5.16 Revenue recognition

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

- revenue from the sale of goods is recorded when goods are delivered to customers and invoices raised;
- revenue from services is recognised on the performance of service; and
- interest income is accrued on the time proportion basis by reference to the principal outstanding and applicable rate of return.

5.17 Provisions

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

5.18 Dividend and appropriation to reserves

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

6. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		--- Rupees in '000 ---	
Operating fixed assets	6.1	1,478,788	626,432
Capital work-in-progress	6.4	236,914	142,813
		1,715,702	769,245

6.1 Operating fixed assets

	Leasehold Improvements	Plant and machinery	Dies and Jigs	Factory equipment	Computers and accessories	Furniture and fixtures	Motor vehicles	Total
	Rupees in '000							
At July 1, 2016								
Cost	-	527,170	12,893	4,187	4,070	3,537	60,227	612,084
Accumulated depreciation	-	66,358	7,012	987	1,604	920	9,931	86,812
Net book value	**-**	**460,812**	**5,881**	**3,200**	**2,466**	**2,617**	**50,296**	**525,272**
Year ended June 30, 2017								
Opening net book value	-	460,812	5,881	3,200	2,466	2,617	50,296	525,272
Additions	5,088	136,710	8,358	3,445	1,210	4,848	56,054	215,713
Disposal								
- cost	-	4,480	-	-	285	-	33,642	38,407
- accumulated depreciation	-	(896)	-	-	(51)	-	(6,124)	(7,071)
	-	3,584	-	-	234	-	27,518	31,336
Depreciation charge	346	61,514	4,634	579	1,078	1,258	13,808	83,217
Closing net book value	**4,742**	**532,424**	**9,605**	**6,066**	**2,364**	**6,207**	**65,024**	**626,432**
At June 30, 2017								
Cost	5,088	659,400	21,251	7,632	4,995	8,385	82,639	789,390
Accumulated depreciation	346	126,976	11,646	1,566	2,631	2,178	17,615	162,958
Net book value	**4,742**	**532,424**	**9,605**	**6,066**	**2,364**	**6,207**	**65,024**	**626,432**
Year ended June 30, 2018								
Opening net book value	4,742	532,424	9,605	6,066	2,364	6,207	65,024	626,432
Additions	318,660	596,050	41,715	2,453	5,402	506	60,152	1,024,938
Disposal (note 6.3)								
- cost	-	1,290	14	-	335	536	45,908	48,083
- accumulated depreciation	-	(460)	(14)	-	(212)	(134)	(11,870)	(12,690)
	-	830	-	-	123	402	34,038	35,393
Depreciation charge	3,221	100,904	13,512	881	1,517	1,591	15,563	137,189
Closing net book value	**320,181**	**1,026,740**	**37,808**	**7,638**	**6,126**	**4,720**	**75,575**	**1,478,788**
At June 30, 2018								
Cost	323,748	1,254,160	62,952	10,085	10,062	8,355	96,883	1,766,245
Accumulated depreciation	3,567	227,420	25,144	2,447	3,936	3,635	21,308	287,457
Net book value	**320,181**	**1,026,740**	**37,808**	**7,638**	**6,126**	**4,720**	**75,575**	**1,478,788**
Depreciation rate (% per annum)	**10**	**10**	**50**	**10**	**25**	**20**	**20**	

6.2	**Depreciation charge has been allocated as follows:**	**Note**	**2018**	2017
			--- Rupees in '000 ---	
	Cost of goods manufactured	**23.1**	**125,869**	72,195
	Administrative and general expenses	**24**	**11,320**	11,022
			137,189	83,217

6.3 Details of operating fixed assets disposed-off during the year:

Particulars of assets	Cost	Accumu-lated depreci-ation	Net book value	Sales proceeds	Gain	Method of disposal	Sold to
	----------------	Rupees in '000	----------------				
Items having net book value exceeding Rs.500,000 each							
Vehicles							
	2,530	(1,039)	1,491	1,491	-	Company policy	Atlas Honda Limited - a related party
	753	(247)	506	506	-	Company policy	Mr. Fahad Kirmani (Employee)
	3,036	(929)	2,107	2,107	-	Company policy	Atlas Honda Limited - a related party
	1,656	(436)	1,220	1,220	-	Company policy	Atlas Honda Limited - a related party
	1,656	(413)	1,243	1,243	-	Company policy	Atlas Honda Limited - a related party
	1,115	(178)	937	937	-	Company policy	Mr. Muhammad Akhlaque (Employee)
	1,115	(262)	853	853	-	Company policy	Atlas Hitec (Private) Limited - a related party
	2,205	(393)	1,812	1,812	-	Company policy	Atlas Hitec (Private) Limited - a related party
	2,466	(1,189)	1,277	1,277	-	Company policy	Atlas Honda Limited - a related party
	2,466	(1,189)	1,277	1,277	-	Company policy	Atlas Honda Limited - a related party
	1,540	(389)	1,151	1,151	-	Company policy	Mr. Khawar Saeed (Key Management Personnel)
	753	(209)	544	544	-	Company policy	Atlas Honda Limited - a related party
	1,094	(276)	818	818	-	Company policy	Atlas Honda Limited - a related party
	2,315	(708)	1,607	1,607	-	Company policy	Atlas Honda Limited - a related party
	1,199	(195)	1,004	1,004	-	Company policy	Mr. Akhtar Ali (Ex employee)
	703	(94)	609	609	-	Company policy	Atlas Honda Limited - a related party
	1,806	(90)	1,716	1,716	-	Company policy	Atlas Honda Limited - a related party
	705	(12)	693	693	-	Company policy	Mr. Yaseen Murtaza (Employee)
	1,438	(607)	831	831	-	Company policy	Mr. Zahid Saleem (Employee)
	1,597	(383)	1,214	1,214	-	Company policy	Mr. Ghulam Mujtaba Khan (Employee)
	708	(135)	573	573	-	Company policy	Mr. Saif ur Rehman (Employee)
	920	(90)	830	830	-	Company policy	Mr. Zahid Mehmood (Employee)
	2,205	(393)	1,812	1,812	-	Company policy	Atlas Honda Limited - a related party
	2,205	(393)	1,812	1,812	-	Company policy	Atlas Honda Limited - a related party
	2,205	(221)	1,984	1,984	-	Company policy	Atlas Honda Limited - a related party
	536	(9)	527	527	-	Company policy	Atlas Honda Limited - a related party
	705	(12)	693	693	-	Company policy	Mr. Iftikhar Ahmad (Employee)
	651	(22)	629	629	-	Company policy	Mr. Waleem Abbas (Employee)
	42,283	(10,513)	31,770	31,770	-		
	42,283	**(10,513)**	**31,770**	**31,770**	-		
Items having net book value upto Rs.500,000 each	5,800	(2,177)	3,623	4,452	829		
June 30, 2018	**48,083**	**(12,690)**	**35,393**	**36,222**	**829**		
June 30, 2017	38,407	(7,071)	31,336	31,336	-		

		Note	2018	2017
6.4	**Capital work-in-progress**		**--- Rupees in '000 ---**	
	Leasehold improvements		**40,883**	122,271
	Plant and machinery		**179,350**	14,963
	Factory equipment		**445**	-
	Electric and gas fittings		**3,948**	-
	Motor vehicles	**6.5**	**9,472**	2,615
	Computer software		**2,816**	2,964
			236,914	142,813

6.5 Includes advance of Rs.4,936 thousand (2017: Rs.2,215 thousand) made to Honda Atlas Cars (Pakistan) Limited - a related party.

6.6 Capital work-in-progress includes Rs.56,151 thousand (2017: Rs.114,371 thousand) representing advance payments made to suppliers for procurement / construction of operating fixed assets.

		Note	2018	2017
7.	**INTANGIBLE ASSETS**		**--- Rupees in '000 ---**	
	These represent computer software licenses.			
	Year ended June 30,			
	Opening net book value		**1,182**	2,226
	Addition		**5,369**	-
	Less: amortisation charge	**23.1**	**1,714**	1,044
	Closing net book value		**4,837**	1,182
	As at June 30,			
	Cost		**10,587**	5,218
	Less: accumulated amortisation		**5,750**	4,036
	Net book value		**4,837**	1,182
	Amortisation rate (% per annum)		**20**	20

		2018	2017
8.	**LONG TERM INVESTMENTS** - unquoted		
	Subsidiary Companies - unquoted		
	Atlas Metals (Private) Limited		
	55,000,000 (2017: 55,000,000) ordinary shares of Rs.10 each - **cost**	**550,000**	550,000
	Equity held: 100% (2017: 100%)		
	Break-up value per share on the basis of un-audited financial statements Rs.39.91 (2017: Rs.31.66)		
	Atlas Die Casting (Private) Limited		
	60,000,000 (2017: 30,000,000) ordinary shares of Rs.10 each - **cost**	**600,000**	300,000
	Equity held: 100% (2017: 100%)		
	Break-up value per share on the basis of un-audited financial statements Rs.10.49 (2017: Rs.10.09)		
	Associated Company - unquoted		
	Atlas Hitec (Private) Limited		
	29,100,000 (2017: 29,100,000) ordinary shares of Rs.10 each - **cost**	**291,000**	291,000
	Equity held: 44.77% (2017: 44.77%)		
	Break-up value per share on the basis of un-audited financial statements Rs.17.30 (2017: Rs.15.92)		
		1,441,000	1,141,000

9. LONG TERM LOANS AND ADVANCES

	Note	2018	2017
		--- Rupees in '000 ---	
Considered good			
Loans and advances to:			
Related parties - Key Management Personnel		**639**	1,198
Other employees		**17,461**	9,871
	9.1	**18,100**	11,069
Less: amounts due within one year and shown under current assets	13		
Related parties - Key Management Personnel		**639**	1,097
Other employees		**9,827**	5,666
		10,466	6,763
		7,634	4,306

9.1 These represent interest free loans and advances provided to employees as per the terms of employment. Loans aggregating Rs.11,083 thousand (2017: Rs.5,636 thousand) are provided for purchase of motorcycles and are repayable in forty eight-equal monthly instalments. These loans are secured against respective motorcycles and employees' vested retirement benefits. Advances are unsecured and are repayable in eighteen equal monthly instalments.

9.2 The maximum amount of loans and advances to the key management personnel outstanding at the end of any month during the year ended June 30, 2018 was Rs.1,801 thousand (2017: Rs. 2,587 thousand).

9.3 The carrying values of these loans and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to negligible defaults in recent history.

10. STORES, SPARES AND LOOSE TOOLS

	2018	2017
	--- Rupees in '000 ---	
Consumable stores	**9,135**	5,411
Maintenance spares	**11,093**	3,153
Loose tools	**33,780**	11,505
	54,008	20,069

11. STOCK-IN-TRADE

	2018	2017
Raw materials and components		
- in hand	**524,158**	402,652
- held with vendors	**119,962**	96,744
	644,120	499,396
Finished goods	**75,715**	35,335
Items in transit	**4,568**	34,413
	724,403	569,144
Less: provision for slow moving stock	**5,000**	5,000
	719,403	564,144

12. TRADE DEBTS - Unsecured

	Note	2018	2017
		--- Rupees in '000 ---	
Consider good			
Associated Companies	12.1	**2,250**	304,202
Others		**280,199**	231,015
		282,449	535,217
Consider doubtful - others		**16,990**	13,990
		299,439	549,207
Less: provision for doubtful debts	12.3	**16,990**	13,990
		282,449	535,217

12.1 Includes Nil (2017: Rs.303,179 thousand) and Rs.2,250 thousand (2017: Rs.1,023 thousand) due from Atlas Honda Limited and Atlas Battery Limited, respectively.

12.2 The maximum aggregate amount of trade receivable from related parties at the end of any month during the year was Rs.361,100 thousand (2017: Rs.332,800 thousand).

12.3 Provision for doubtful debts

	2018	2017
	--- Rupees in '000 ---	
Balance at beginning of the year	**13,990**	10,990
Add: charge for the year	**3,000**	3,000
Balance at end of the year	**16,990**	13,990

12.4 The ageing of trade debts at June 30, is as follows:

	Associated Companies		Others	
	2018	2017	**2018**	2017
	---------- Rupees in '000 ----------			
Not past due	**2,250**	304,202	**292,347**	235,726
Past due within 30 days	-	-	**1,335**	4,879
Past due beyond 30 days but not later than 60 days	-	-	**1,130**	2,348
Past due later than 60 days	-	-	**2,377**	2,052
	2,250	304,202	**297,189**	245,005
Less: provision for doubtful debts	-	-	**16,990**	13,990
	2,250	304,202	**280,199**	231,015

13. LOANS AND ADVANCES

	Note	2018	2017
		--- Rupees in '000 ---	
Considered good			
Current portion of long term loans and advances to key management personnel and other employees	9	**10,466**	6,763
Advances to employees		**609**	-
Advances to suppliers - unsecured		**220**	-
		11,295	6,763

14. DEPOSITS AND OTHER RECEIVABLES

	2018	2017
Trade deposits	**1,995**	475
Other receivable	**14**	-
Prepayments	**7,809**	6,303
Sales tax refundable - net	**157,523**	151,619
	167,341	158,397

15. BANK BALANCES

	Note	2018	2017
		---- Rupees in '000 ----	
Balances with banks in:			
- current accounts		**48,691**	29,333
- savings accounts	**15.1**	**644,530**	626,862
- term deposit receipts	**15.2**	**10,000**	10,000
		703,221	666,195

15.1 Savings accounts carry mark-up ranging upto 4.5% (2017: 3.88%) per annum.

15.2 Term deposit receipts of Rs.10,000 thousand (2017: Rs.10,000 thousand) are under lien with the bank against a bank guarantee issued on behalf of the Company.

16. SHARE CAPITAL

	2018	2017
	---- Rupees in '000 ----	
16.1 Authorised capital		
80,000,000 (2017: 80,000,000) ordinary shares of Rs.10 each	**800,000**	800,000
16.2 Issued, subscribed and paid-up capital		
40,000,000 (2017: 40,000,000) ordinary shares of Rs.10 each issued as fully paid in cash	**400,000**	400,000

16.3 Shirazi Investments (Private) Limited and its nominees hold 100% ordinary shares of the Company as at June 30, 2018 and June 30, 2017.

17. COMPENSATED ABSENCES

	2018	2017
	---- Rupees in '000 ----	
Balance at beginning of the year	**39,783**	26,606
Add: provision for the year	**23,714**	17,874
Less: payments made during the year	**3,804**	4,697
Balance at end of the year	**59,693**	39,783

17.1 Includes liability in respect of key management personnel aggregating to Rs.25,983 thousand (2017: Rs.14,811 thousand).

18. DEFERRED TAXATION - Net

	2018	2017
	---- Rupees in '000 ----	
The liability for deferred tax comprises temporary differences relating to:		
Accelerated tax depreciation	**96,177**	51,896
Provision for doubtful debts	**(4,712)**	(3,946)
Provision for compensated absences	**(16,556)**	(11,284)
Provision for gratuity	**(4,123)**	(1,852)
Provision for slow moving stock	**(1,387)**	(1,410)
	69,399	33,404

19. TRADE AND OTHER PAYABLES

	Note	2018	2017
		---- Rupees in '000 ----	
Trade payables			
- Associated Companies		**3,774**	25,517
- Others		**880,113**	542,704
Accrued liabilities		**312,324**	182,613
Royalty payable		**97,835**	77,340
Advances from customers		**62,170**	35,019
Retention money		**789**	789
Workers' profit participation fund	**19.1**	**52,597**	51,258
Workers' welfare fund		**27,058**	24,565
Payable to staff retirement benefit fund - gratuity	**19.2**	**14,866**	6,567
Sindh government infrastructure fee	**19.3**	**49,919**	32,542
Others	**19.4**	**4,408**	3,954
		1,505,853	982,868

19.1 Workers' profit participation fund

	Note	2018	2017
Balance at beginning of the year		**51,258**	42,728
Add: allocation for the year	**26**	**52,269**	50,857
Add: interest on funds utilised in the Company's business	**27**	**328**	400
		103,855	93,985
Less: payments made during the year		**51,258**	42,727
Balance at end of the year		**52,597**	51,258

19.2 Payable to staff retirement benefit fund

19.2.1 As stated in note 5.12.2, the Company operates an approved funded gratuity scheme for its staff who completes the qualifying period of service.

19.2.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plan, including investment decisions and contributions schedules lies with the Board of Trustees. The Company appoints the trustees.

19.2.3 The latest actuarial valuation of the scheme as at June 30, 2018 was carried out by an independent expert, using the 'Projected Unit Credit Method'. Details of the scheme as per the actuarial valuation are as follows:

19.2.4 Reconciliation

	2018	2017
	--- Rupees in '000 ---	
Present value of defined benefit obligation	**108,469**	65,374
Fair value of plan assets	**(82,105)**	(58,103)
Receivable from related parties in respect of transferees	**(11,498)**	(704)
Net liability at end of the year	**14,866**	6,567

		2018	2017
19.2.5	**Movement in the present value of defined benefit obligation**	**--- Rupees in '000 ---**	
	Balance at beginning of the year	**65,374**	56,145
	Current service cost	**3,840**	3,252
	Interest cost	**5,026**	3,971
	Re-measurement on obligation	**6,079**	2,493
	Benefits paid	**(9,410)**	(6,982)
	Liability recognised in respect of transfers from related parties	**37,560**	6,495
	Balance at end of the year	**108,469**	65,374
19.2.6	**Movement in the fair value of plan assets**		
	Balance at beginning of the year	**58,103**	33,573
	Contributions	**4,978**	4,054
	Benefits paid	**(9,410)**	(6,982)
	Interest income	**4,509**	2,973
	Re-measurement	**(2,841)**	1,765
	Fund transferred	**26,766**	22,720
	Balance at end of the year	**82,105**	58,103
19.2.7	**Plan assets comprise of:**		
	Equity instrument	**42,113**	-
	Fixed income instruments	**39,849**	27,347
	Mutual fund securities	**-**	30,724
	Cash and others	**143**	34
		82,105	58,105
19.2.8	**Expense recognised in profit and loss account**		
	Current service cost	**3,840**	3,252
	Net Interest cost	**517**	998
		4,357	4,250
19.2.9	**Re-measurement recognised in other comprehensive income**		
	(Gain) / loss from change in financial assumptions	**(541)**	1,541
	Experience loss	**6,620**	952
	Loss / (gain) on re-measurement of plan assets	**2,841**	(1,765)
		8,920	728
19.2.10	**Net liability recognised**		
	Balance at beginning of the year	**6,567**	5,644
	Charge for the year	**4,357**	4,250
	Contribution	**(4,978)**	(4,054)
	Re-measurement recognised in other comprehensive income	**8,920**	728
	Balance at end of the year	**14,866**	6,567

19.2.11 **Actuarial assumptions used**

	2018	2017
Discount rate - per annum	**9.00%**	7.75%
Expected rate of increase in future salaries		
- first year	**10.00%**	10.00%
- long term	**8.00%**	6.75%
Demographic assumptions		
- Mortality rates (for death in service)	**SLIC (2001-05)**	SLIC (2001-05)
- Rates of employee turnover	**Moderate**	Moderate

19.2.12 **Sensitivity analysis for actuarial assumptions**

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

	Impact on defined benefit obligation		
	Change in assumptions	**Increase in assumption**	**Decrease in assumption**
		--- Rupees in '000 ---	
Discount rate	1.00%	101,147	116,848
Increase in future salaries	1.00%	116,310	101,490

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

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

19.2.13 Based on actuary's advice, the expected charge for the year ending June 30, 2019 amounts to Rs.8,143 thousand.

19.2.14 The weighted average duration of the gratuity scheme is 7.20 years. Expected maturity analysis of undiscounted retirement benefit plans:

	Less than a year	**Between 1-2 years**	**Between 2-5 years**	**Over 5 years**	**Total**
	Rupees in '000				
As at June 30, 2018	8,716	23,455	25,092	633,681	690,944

19.3 This represents provision against infrastructure fee levied by the Government of Sindh through Sindh Finance (Amendment) Ordinance, 2001. The levy of infrastructure fee is disputed and various companies have filed appeals before the High Court of Sindh (the Court) which are pending adjudication.

19.4 Other liabilities include vehicle deposits under Company's vehicle policy aggregating Rs.4,215 thousand (2017: Rs.2,673 thousand).

20. SHORT TERM FINANCES - Secured

Short term finance facilities available from various commercial banks under mark-up arrangements aggregate to Rs.1,150,000 thousand (2017: Rs.550,000 thousand) and are secured against pari passu hypothecation charge over the Company's stock-in-trade and trade debts to the extent of Rs.1,535,000 thousand (2017: Rs.735,000 thousand). The rates of mark-up of these facilities during the year ranged from 3 months KIBOR plus 0.1% per annum to 1 month KIBOR plus 0.5% per annum. These facilities are expiring on various dates by March 31, 2019.

The facilities for opening letters of credit as at June 30, 2018 aggregated to Rs.1,150,000 thousand (2017: Rs.850,000 thousand) of which unutilized balance at year-end aggregated to Rs.788,692 thousand (2017: Rs.578,876 thousand). These facilities are secured by lien on import documents and are expiring on various dates upto March 31, 2019.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 There was no significant litigation against the Company as at June 30, 2018 and June 30, 2017.

21.1.2 Guarantees aggregating Rs.65,378 thousand (2017: Rs.62,781 thousand) have been issued by a commercial bank on behalf of the Company to Collector of Customs, Excise & Taxation Department, Government of Sindh and SSGC LPG (Private) Limited.

21.2 Commitments

21.2.1 Commitments outstanding for letters of credit relating to capital expenditure and stock-in-trade as at June 30, 2018 aggregated to Rs.361,308 thousand (2017: Rs.271,124 thousand).

21.2.2 Commitments outstanding for capital expenditure other than through letters of credit as at June 30, 2018 aggregated to Rs.49,353 thousand (2017: Rs.173,029 thousand).

22. SALES - Net

	Note	2018	2017
		--- Rupees in '000 ---	
Local sales			
- manufacturing activity		**11,311,138**	9,576,120
- trading and services		**3,334,291**	2,358,855
		14,645,429	11,934,975
Less:			
- sales tax		**1,823,863**	1,505,688
- discounts		**32,093**	22,786
		1,855,956	1,528,474
		12,789,473	10,406,501

23. COST OF SALES AND SERVICES

	Note	2018	2017
Opening stock of finished goods		**35,335**	41,140
Cost of goods manufactured and service provided	23.1	**9,594,439**	7,274,593
Purchases during the year		**1,658,479**	1,682,385
		11,252,918	8,956,978
Less: closing stock of finished goods		**75,715**	35,335
		11,212,538	8,962,783

23.1 Cost of goods manufactured and services provided

	Note	2018	2017
Raw materials and components consumed	23.2	**7,973,945**	6,140,158
Stores consumed		**250,906**	151,905
Direct labour	23.3	**381,358**	282,000
Salaries and other benefits	23.3	**286,483**	192,922
Travelling and conveyance		**17,812**	12,974
Light, heat and water		**96,401**	67,048
Repair and maintenance		**83,575**	44,757
Rent, rates and taxes		**58,137**	44,802
Royalty	23.4	**278,834**	233,078
Insurance		**18,487**	11,677
Canteen		**12,162**	9,714
Vehicle running expenses		**7,662**	4,596
Depreciation	6.2	**125,869**	72,195
Amortisation	7	**1,714**	1,044
Provision for slow moving stock	11	**-**	5,000
Others		**1,094**	723
		9,594,439	7,274,593

		2018	2017
23.2	**Raw materials and components consumed**	**--- Rupees in '000 ---**	
	Opening stock	**499,396**	447,449
	Purchases during the year	**8,118,669**	6,192,105
		8,618,065	6,639,554
	Less: closing stock of finished goods	**644,120**	499,396
		7,973,945	6,140,158

23.3 Direct labour and Salaries & other benefits include Rs.30,568 thousand (2017: Rs.21,464 thousand) in respect of staff retirement benefits.

23.4 Royalty charged in these financial statement pertains to Showa Corporation having registered office at 1-14-1, Fujiwara-cho Gyoda, Saitama 361-8506 Japan, F.C.C Co. Limited having registered office at 7000-36, Nakagawa, Hosoe-cho Kita-ku, Hamammatsu-shi, Shizouka-ken, Japan and Atsumitec Company Limited having registered office at 4-6-1 Takaokanishi Naka-ku, Hamamatsu-shi Shizuoka Prefecture, 433-8118 Japan.

24.	**ADMINISTRATIVE AND GENERAL EXPENSES**	**Note**	**2018**	2017
			--- Rupees in '000 ---	
	Salaries and other benefits	**24.1**	**157,829**	154,701
	Travelling, conveyance and entertainment		**13,820**	11,941
	Repairs and maintenance		**5,187**	2,886
	Depreciation	**6.2**	**11,320**	11,022
	Provision for doubtful debts	**12.3**	**3,000**	3,000
	Legal and professional charges		**8,429**	560
	Advertisement and sales promotion		**20,500**	12,073
	Printing & stationery, insurance and rates & taxes		**14,955**	12,498
	Vehicle running expense		**5,127**	4,051
	Donation	**24.2**	**12,063**	10,010
	Others		**8,636**	7,068
			260,866	229,809

24.1 Salaries and other benefits include Rs.17,872 thousand (2017: Rs.15,153 thousand) in respect of staff retirement benefits.

24.2 Donation of Rs. 12,063 thousand (2017: Rs.10,010 thousand) charged in these financial statements is paid to Atlas Foundation, 2nd Floor, Federation House, Shara-e-Firdousi, Clifton, Karachi (the Foundation). Mr. Yusuf H. Shirazi, Chairman of the Company and Frahim Ali Khan, Director of the Company are Directors of the Foundation.

25.	**OTHER INCOME**	**2018**	2017
		--- Rupees in '000 ---	
	Income from financial assets		
	Mark-up / interest on savings accounts and term deposit receipts	**11,937**	11,059
	Dividend income	**27,645**	21,825
	Income from assets other than financial assets		
	Commission and others	**53,165**	35,723
	Gain on disposal of operating fixed assets	**829**	-
		93,576	68,607

26. OTHER EXPENSES

	Note	2018	2017
		--- Rupees in '000 ---	
Workers' profit participation fund	19.1	52,269	50,857
Workers' welfare fund			
- current year		27,058	24,565
- prior year		(546)	(2,585)
		26,512	21,980
Auditors' remuneration			
- audit fee		800	800
- certifications and others		324	239
- out of pocket expenses		30	30
		1,154	1,069
		79,935	73,906

27. FINANCE COST

	Note	2018	2017
Interest on workers' profit participation fund	19.1	328	400
Bank and other financial charges		2,979	1,923
		3,307	2,323

28. TAXATION

	2018	2017
Current tax - for the year	308,449	388,527
Deferred tax		
Origination and reversal of temporary differences	39,582	3,788
Impact of change in tax rate	(1,113)	128
	38,469	3,916
	346,918	392,443

28.1 Relationship between tax expense and accounting profit

	2018	2017
Profit before taxation	1,326,403	1,206,287
Tax at the applicable rate of 30% (2017 : 31%)	397,921	373,949
Tax effect of:		
- amount not deductible for tax purposes	54,611	37,083
- amount deductible for tax purposes but not taken to profit and loss account	(90,743)	(36,640)
- income not subject to tax / income subject to final tax regime / tax credits	(89,519)	(22,096)
Super tax	36,179	36,231
Deferred taxation	38,469	3,916
	346,918	392,443

29. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Executives	
	2018	2017
	--- Rupees in '000 ---	
Managerial remuneration	**53,636**	61,440
House rent and utilities	**20,988**	22,150
Bonus	**28,411**	29,721
Retirement benefits	**5,135**	4,021
Medical and others	**1,575**	1,060
	109,745	118,392
Number of persons	**32**	26

29.1 Some executives are also provided with the Company's vehicles in accordance with terms of employment.

29.2 No remuneration has been paid or is payable by the Company on account of remuneration of Chief executive officer and Directors for the year.

30. RELATED PARTIES

Related parties comprise of the Holding Company, Subsidiary Companies, Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

30.1 Name and nature of relationship

a) The Holding Company

Shirazi Investments (Private) Limited - 100% shares held in the Company

b) Subsidiary Companies - wholly owned

Atlas Metals (Private) Limited

Atlas Die Casting (Private) Limited

c) Associated Companies due to significant influence

Atlas Hitec (Private) Limited - 44.77% shares held by the Company

d) Associated Companies due to common directorship

Atlas Engineering Limited

Atlas Honda Limited

Atlas Battery Limited

Atlas Insurance Limited

Atlas Foundation

Atlas Asset Management Limited

Atlas Aluminium (Private) Limited

Shirazi Trading Company (Private) Limited

Pakistan Cables Limited

Honda Atlas Cars Pakistan Limited

Atlas Power Limited

Atlas Global, FZE (note 30.1.1)

e) Associated companies under common management

Atlas Worldwide General Trading LLC (note 30.1.2)

30.1.1 Atlas Global FZE (AG) is a Free Zone establishment with limited liability in the Jebel Ali Free Zone, Dubai, UAE formed under the Law 9 of 1992 and implementing regulation issued there under by Jebel Ali Free Zone. The registered office of AG is P.O. Box 17442, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AG. Major line of business of AG is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AG for the year ended June 30, 2017.

30.1.2 Atlas Worldwide General Trading (L.L.C) (AWWT) established with limited liability in Dubai formed under Federal Law 2 of 2015 by Dubai, UAE. The registered office of AWWT is Office 311, Nasir Ahmed Nasir Lootah Building, Khalid Bin Al Waleed Road, Dubai, UAE. Mr. Iftikhar H. Shirazi is the Chief Executive Officer of AWWT. Major line of business of AWWT is general trading activities. Auditors have expressed unqualified opinion on the financial statements of AWWT for the year ended June 30, 2017.

30.2 Transactions with related parties	**2018**	2017
	--- Rupees in '000 ---	
The Holding Company		
Dividend paid	**100,000**	100,000
Rent paid	**37,400**	27,745
Receipt under group taxation	**23,582**	-
Subsidiary Companies		
Sales goods and services	**129,386**	811
Purchases		
- goods and services	**1,855**	-
- operating fixed assets	**22,064**	2,570
Long term investment acquired	**300,000**	300,000
Reimbursement claimed	**1,681**	-
Associated Companies		
Sales		
- goods and services	**11,405,767**	8,240,145
- operating fixed assets	**22,583**	15,352
Purchases		
- goods and services	**1,986,915**	1,122,463
- operating fixed assets	**490,375**	59,732
- intangible asset	**264**	-
Dividend received	**27,645**	21,825
Commission income	**17,003**	6,758
Insurance premium paid	**56,205**	35,220
Rent paid	**8,825**	8,023
Reimbursement for utilities and shared services	**37,522**	31,627
Donation paid	**12,063**	10,010
Other related parties		
Contributions paid to:		
- gratuity funds	**4,978**	4,054
- pension schemes	**20,369**	14,493
Key management personnel		
- salaries and other employment benefits	**52,426**	32,497
- sale of vehicles under company policy	**1,151**	8,301

31. FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

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

- credit risk;
- liquidity risk; and
- market risk (including foreign exchange risk, interest rate risk and price risk).

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

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

(a) Credit risk

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

The carrying amount of financial assets represents the maximum credit exposure. The financial assets exposed to credit risk amounted to Rs.1,020,314 thousand (2017: Rs.1,217,426 thousand) as at June 30, 2018. Out of the total financial assets credit risk is concentrated in trade debts and deposits with banks as they constitute 97% (2017: 99%) of the total financial assets.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2018	2017
	---- Rupees in '000 ----	
Long term deposits	**13,940**	4,470
Long term loans and advances	**7,634**	4,306
Trade debts	**282,449**	535,217
Loans and advances	**11,075**	6,763
Deposits and other receivables	**1,995**	475
Bank balances	**703,221**	666,195
	1,020,314	1,217,426

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

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

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

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

Banks	Rating agency	Rating short term	Rating long term
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
National Bank of Pakistan	JCR-VIS	A-1+	AAA
Allied Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty, in meeting obligation associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and balances with banks. As at June 30, 2018 there is no maturity mismatch between financial assets and liabilities that exposes the Company to liquidity risk.

(c) Market risk

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

Foreign exchange risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company's exposure to foreign exchange risk at the reporting date is as follows:

	2018			2017	
	Rupees	**Japanese Yen**	**US Dollar**	Rupees	Japanese Yen
	-- Amount in '000 --			-- Amount in '000 --	
Trade and other payables	**80,216**	**71,452**	**16**	62,654	66,917

Exchange rate of 1.0962 (2017: 0.9363) for Rupee to Japanese Yen and 121.56 Rupee to US dollar has been applied.

At June 30, 2018, if the Rupee had strengthened / weakened by 5% against Japanese Yen with all other variables held constant, profit before taxation for the year would have been higher / (lower) by Rs.4,011 thousand (2017: Rs.3,133 thousand) mainly as a result of foreign exchange gain / (loss) on translation of foreign denominated financial liabilities.

Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in market interest rates.

As the Company has no significant interest bearing assets and liabilities except for balances held in saving accounts and term deposit receipts, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company currently has no exposure to such risk.

31.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The estimated fair value of all financial assets and liabilities is considered not significantly different from book values as the items are either short - term in nature or periodically repriced.

International Financial Reporting Standard 13, 'Financial Instruments : Disclosure' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Currently there are no financial assets or financial liabilities which are measured at their fair value in the statement of financial position.

31.3 Capital management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the ordinary shareholders.

The capital structure of the Company is equity based with no financing through long term or short term borrowings at the reporting date.

There was no change in the Company's approach to capital management during the year.

32. PLANT CAPACITY AND ACTUAL PRODUCTION

The production capacity of the plant cannot be determined as this depends upon the relative proportion of various types of products manufactured by the Company.

33. NUMBER OF EMPLOYEES

	Factory		Others	
	2018	2017	**2018**	2017
Total number of employees	**446**	249	**44**	30
Average number of employees	**350**	230	**40**	23

34. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, where necessary, for the purposes of comparison and better presentation, the effects of which are not material.

35. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Company in their meeting held on September 10, 2018 have proposed final cash dividend of Rs.Nil (2017: Rs.2.50) per share, amounting to Rs.Nil (2017: 100,000 thousand), for the year ended June 30, 2018.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 10, 2018 by the board of directors of the Company.

Chief Executive Officer **Director**