

ANNUAL REPORT  
2009



Organisation  
development  
through  
self development



 Atlas Engineering Limited

ISO 9002 Certified



PISTON & RADIATOR  
MANUFACTURING FACILITIES



## **Vision**

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

## **Mission**

To realize vision by:

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

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

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

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

## OUR VALUED OEM CUSTOMERS



Atlas Honda Limited

**HONDA**

Honda Atlas Cars (Pakistan) Ltd.



Pak Suzuki Motor Company Ltd.



Indus Motor Company Ltd.



Al-Ghazi Tractors Ltd.



Millat Tractors Ltd.

**YAMAHA**

Dawood Yamaha Ltd.

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Directors	Ali H. Shirazi
	Bashir Makki
	H. Masood Sohail
	Jawaid Iqbal Ahmed
	Mohammad Atta Karim
	Sohail Wajahat H. Siddiqui
Chief Executive Officer	Sadaqat Ali
Company Secretary	Fida Hussain Zahid

### AUDIT COMMITTEE

Chairman	H. Masood Sohail
Members	Ali H. Shirazi
	Mohammad Atta Karim
Chief Internal Auditor	Faiz Ullah Ghazi
Secretary	Fida Hussain Zahid

### MANAGEMENT COMMITTEE

Chief Executive Officer	Sadaqat Ali
General Manager Plant	Muhammad Qadeer Khan
Chief Financial Officer	Shakil Ahmed
General Manager Marketing	Muhammad Saqlain Mirza
General Manager Quality Assurance	Lt.Col ® Munzim Ahmed Vahidy
General Manager Support Services	Jawaid Iraqi
Financial Controller	Syed Naushad Ali
Manager Sales	Syed Tariq Arabi
Manager HR & Admin	Major ® Abdul Sattar

### AUDITORS

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

### LEGAL ADVISORS

Mohsin Tayabali & Co.  
Advocate Incorporation  
Agha Faisal Barrister at Law

**COMPANY INFORMATION**

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**TAX ADVISOR**

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

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**BANKERS**

Atlas Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank

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**REGISTERED OFFICE  
(FACTORY)**

15th Mile, National Highway, Landhi, Karachi-75120  
PABX 111-111-AEL (235), Fax: 5011709  
Email: aeilkhi@atlasengineering.com.pk  
Website: www.atlasengineering.com.pk

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**SHARE REGISTRAR**

M/s Hameed Majeed Associates (Pvt.) Limited,  
Karachi Chambers, Hasrat Mohani Road, Karachi  
Phones: 2424826 & 2412754 Fax: 2424835  
E-mail: majeed@hmaconsultants.com

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**SALES OFFICES**

Lahore Office:  
1st Floor, 2-Kothalia Building, Mcleod Road, Lahore  
Phones: 7354640 Fax: 7352724  
Mobile: 0333-4160784 & 0307-4606099

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Multan Office:  
Atlas Honda Building, Chowk Dera Adda,  
Near Capri Cinema, Azmat Wasti Road, Multan  
Phone: 4512181, Fax: 4541690  
Mobile: 0300-7982516

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Faisalabad Office:  
No. 54, Chenab Market, Madina Town, Faisalabad  
Phone: 8549376 Fax: 8726628  
Mobile: 0333-4642589

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Rawalpindi Office:  
312, R-A-Bazar, Kashmir Road, Rawalpindi  
Phone: 5567423 Fax: 5567423  
Mobile: 0333-5129411

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Peshawar Office:  
1st Floor, Zeenat Plaza,  
Near Haji Camp, G.T. Road, Peshawar  
Phone: 2651000  
Mobile: 0333-9276840

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of Atlas Engineering Limited will be held at 2nd Floor Federation House, Shahrah-e-Firdousi, Clifton, Karachi on October 12, 2009 at 10:30 a.m. to transact the following business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on February 06, 2009.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and Auditors' Reports for the year ended June 30, 2009.
3. To appoint Auditors for the year 2009-2010 and to fix their remuneration.

By order of the Board



Fida Hussain Zahid  
Company Secretary

Karachi September 10, 2009

### NOTES:

- i) The Share Transfer Books of the company will remain closed from October 06, 2009 to October 12, 2009 (both days inclusive).
- ii) A member entitled to attend and vote at the meeting shall be entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. The instrument appointing a proxy must be received at the company's Registered Office not less than 48 hours before the time of holding of the meeting.
- iii) No person shall act as proxy unless he is member of the Company. Signature of shareholder on Proxy Application must agree with the specimen signature registered with the Company. Appropriate revenue stamp should be affixed on the Proxy Application.
- iv) For the convenience of the shareholder a Proxy Application Form is attached with this report.
- v) Shareholders are requested to immediately notify the Company of any change in their addresses.
- vi) Owner of the Central Depository Company, entitle to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity and in case of proxy, must enclose an attested copy of his/her National Identity Card. Representative of corporate members should bring their usual documents required for such purpose.



## **SHAREHOLDERS' INFORMATION**

### **Registered Office:**

15th mile, National Highway, Landhi, Karachi-75120  
Tel: 92-21-111-111-AEL (235)  
Fax: 92-21-5011709

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### **Listing on Stock Exchanges**

Atlas Engineering Limited is listed on Karachi and Lahore Stock Exchanges

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### **Listing Fees**

The annual listing fees for the financial year 2008-09 have been paid to the Karachi and Lahore Stock Exchanges and Central Depository Company within the prescribed time limit.

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### **Stock Code**

The stock code for dealing in equity shares of Atlas Engineering Limited at KSE and LSE is ATEL.

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### **Share Registrar:**

M/s Hameed Majeed Associates (Pvt.) Limited,  
Karachi Chambers, Hasrat Mohani Road, Karachi  
Phones: 2424826 & 2412754 Fax: 2424835  
E-mail: majeed@hmaconsultants.com

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### **Statutory Compliance**

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

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### **Annual General Meeting**

Date: October 12, 2009  
Time: 10:30 A.M.  
Venue: Federation House, 2nd Floor, Shahrah-e-Firdousi, Clifton, Karachi.

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### **Financial Calendar**

Audited annual results for year ended June 30, 2009:  
Second week of September 2009

### **Mailing of annual reports:**

Third week of September 2009

### **Annual General Meeting:**

Second week of October 2009

### **Unaudited first quarter financial results:**

Last week of October 2009

### **Unaudited second quarter financial results:**

Last week of February 2010

### **Unaudited third quarter financial results:**

Last week of April 2010

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### **Share Transfer System**

Share transfers received by the Company are registered within 30 days from the date of receipt, provided the documents are complete in all respects.

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### **General Meeting**

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

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**Proxies**

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the company who is entitled to attend and vote at a general meeting of the company can appoint another member as his/her proxy to attend and vote instead of him/her. The instrument appointing proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less than forty eight hours before the meeting.

**Change of Address**

All registered shareholders should send information on changes of addresses at the Registered Office of the company mentioned above.

**Market price Data**

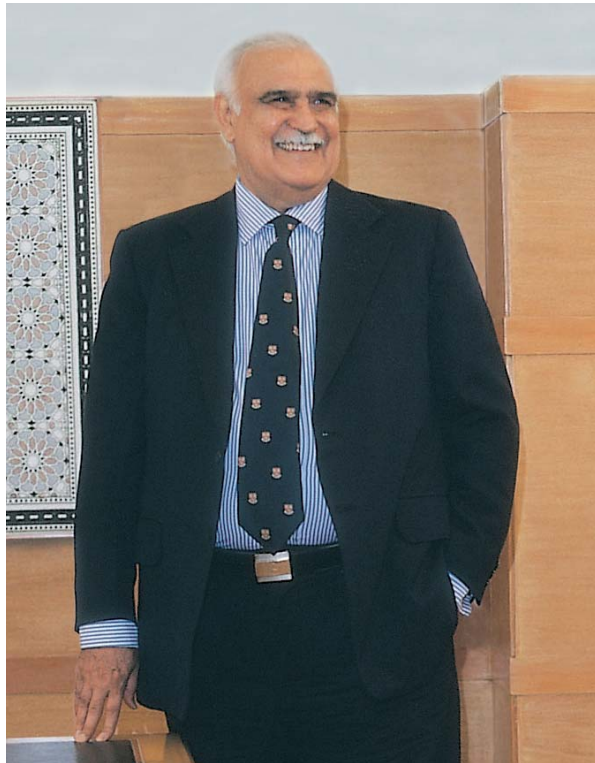
The following table shows the month-wise share price of the company in the Karachi Stock Exchange:

Months	Karachi Stock Exchange	
	High	Low
July, 2008	34.35	29.50
August, 2008	26.63	25.30
September, 2008	26.49	25.74
October, 2008	25.74	25.74
November, 2008	25.74	25.74
December, 2008	25.74	25.74
January, 2009	25.74	17.87
February, 2009	17.87	17.87
March, 2009	17.87	9.06
April, 2009	10.49	9.16
May, 2009	10.00	9.20
June, 2009	9.99	9.20

The share price remained constant because of no trading operations in Karachi Stock Exchange.

**Website of the Company**

Your company is operating website [www.atlasengineering.com.pk](http://www.atlasengineering.com.pk) containing updated information regarding the company. The website contains the financial results of the company together with company's profile, the Atlas group philosophy and products of the company.



## CHAIRMAN'S REVIEW

It is my pleasure to present to you the 47th annual performance report of the company for the period ended June 30, 2009.

### The Economy

The global financial crisis has had serious repercussion for the developed and to a lesser extent the developing countries. The fallout has spread through the extensively interlinked financial institutions and has had an impact on the economic activities the world over.

During the outgoing fiscal year, Pakistan's economy witnessed an unprecedented set of challenges, mainly ascending from unsustainable balance of payments position, the depreciating rupee, escalating food and non-food inflation, and structural problems like power shortages resulting in perceptible slowdown in economic activity. The cumulative effect of these challenges has been a significant loss of growth momentum in the economy.

The manufacturing sector which accounts for 18.2 percent stake in GDP faced the most difficult period and depicted a negative growth of 3.3 percent during 2008-09 as compared to expansion of 4.8 percent of last year. The sluggish growth in large scale manufacturing is a reflection of weaker domestic and external demand, worsening power shortage, and deterioration in law and order situation. Similarly, decline in external demand and sharply lower fund flows amid global recession primarily contributed to slowdown in domestic manufacturing activities.

The performance of agricultural sector has depicted a stronger growth of 4.7 percent during the year 2008-09 as against the target of 3.5 percent and last year's performance of 1.1 percent. Moreover, the improved performance was achieved despite lower water availability and decline in fertilizer off-take. The strong growth was attributed to sharp pickup in wheat, rice, cotton, maize and gram crops and a reasonable performance from the livestock sector.

The service sector registered a growth of 3.6 percent against the target of 6.1 percent and last year's 6.6% in the outgoing year. The buoyant trend, even while growth in industrial sectors has been slowing, implies that the service sector has been relatively insulated from the challenges faced by the rest of the economy.

The economy rebounded by the end of the outgoing year as some semblance of macroeconomic stability began to emerge. The government's focus on restoring macroeconomic stability, with the support of IMF reform program has started to make its mark. Tight stance of monetary policy with the rationalization of fiscal subsidies and controlled expenditure are the key policy actions that contributed towards improvement in fiscal discipline.

### Market Review

Performance of Pakistan automotive industry in previous years has been quite impressive and the production has increased five fold over the past years. However, the automobile industry began to show sign of deceleration from the beginning of last fiscal year, and the four wheeler sector faced a particularly lean period. The main reason was weak institutional

requirement, scarcity of liquidity and unprecedented rise in commodity prices. The unabsorbed productivity of automobile sector exacerbated the cost of doing business.

The year under review has been very challenging for the automobile industry especially, the first half of the year in view of high material cost, unfavorable exchange rates, frequently increasing oil prices, inflation, high interest rates, increase in energy tariff and other inputs which forced the industry to absorb the high input costs.

Negative growth of 47% in 4 wheeler Industry and 15% in 2 wheelers Industry was recorded during the year. The production curtailing activities by OEM's has had a direct impact on vending Industry, which was also affected by the severe power shortage in the country.

Following are the comparative production figures relating to the automobile Industry:-

**No. of units**

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Cars	98,461	126,403	160,058	160,496	84,308
Motorcycles	340,000	500,000	752,186	840,660	712,600
Tractors	35,770	43,200	48,887	54,098	59,968
Bus/Trucks & LCVs	19,100	28,579	37,396	43,893	20,882

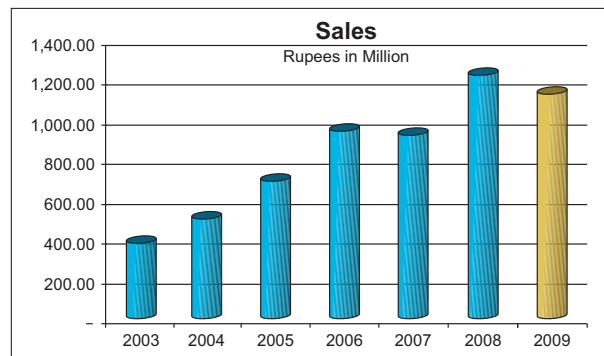
OEM sales of your company declined by 19% during the year but were partially compensated by replacement market sales. Despite severe competition, replacement market segment maintained its thrust and recorded a growth of 36% over last year. This growth has been possible due to focus on Dealership network for enhanced penetration in market and successful promotional schemes. Dealers and Mechanics get-to-gather activities are also a good marketing tool which proved helpful in developing better business relationship between your customers and company on long term basis.

**Operating Results**

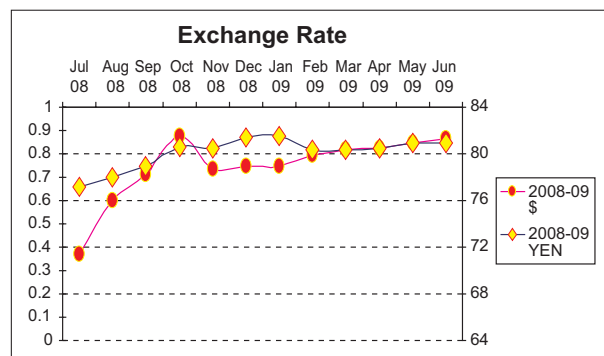
General economic uncertainty that intensified from the beginning of current year dried up consumer demand. Consequently, the severe economic

slowdown had a significant impact on our results for the year, both in terms of our operating losses and working capital requirement. As a result, production was adjusted according to market requirement and the business operations were restructured with enhanced focus on cost reducing activities to reduce impact on profitability.

For the last seven years, the company sales had grown at an average of 25 percent annually. In the year under review, the results reflect lower sales due to lean customer demand. The sales revenue for the year was Rs. 1,135.16 million -lower 7.59% - as compared to Rs. 1,228.45 million in the previous year.



The gross profit margin of the period decreased to 5.65% from 11.54% of the corresponding period due to lower sales demand, unfavorable currency exchange rate and the unprecedented rise in raw material prices. The un-favorable costs were partially offset by internal efficiency, process optimization and cost down activities.



The selling and general expenses increased to Rs. 60.96 million against Rs. 55.44 million of corresponding period because of trainings to staff, increase in

transportation fare, increase in replacement sales and inflationary trends.

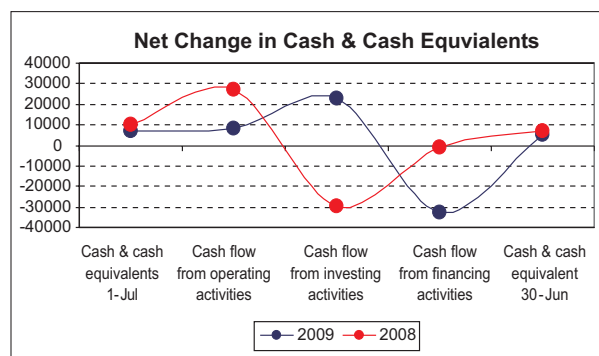
The increase in interest rates led to the increase in financial cost of Rs.66.36 million as against Rs.53.86 million of last corresponding year. On the back of lower sales, higher cost of operation and financial expenses, the company registered a loss of Rs. 59.27 million before tax as against profit of Rs.29.65 million last year. The loss after tax was Rs.47.47 million as compared to profit of Rs.19.38 million in last corresponding period.

### Right Share

In order to give your company the required financial strength and keep pace with the demand of future development; your management decided to raise the paid up capital from Rs. 123.37 million to Rs. 246.73 million by issuing 100% right at par of Rs. 10/= per share and also to raise the authorized capital from Rs. 200 million to Rs. 400 million. These measures will make the financial base of your company much stronger to sustain a variable growth and help to improve profitability. The right share created sufficient liquidity to meet the working capital of the Company and helped reduce the financial cost. We are thankful to our shareholders who took up the right share - a testament to their confidence in the company. All formalities for the right share have been completed as per requirement.

### Cash Flow

Net cash provided by operating activities during the year ended 30th June 2009 was Rs. 8.51 million compared with Rs. 27.14 million for the equivalent period of corresponding year.



The cash inflows from financing activities on account of proceeds from right share were Rs. 123.37 million. Capital expenditure and long term loans repayment was made at a cost of Rs. 18.38 million and Rs. 84.78 million respectively. New investment will improve volume and shall make us more competitive and profitable.

### Contribution To Exchequer

During the year under review, the company contributed an amount of Rs. 216.42 million in respect of sales tax, income tax and custom duty, despite the company registering a loss before tax for the year of Rs. 59.27 million. Moreover, the Atlas Group, of which the company is a constituent member, contributed Rs. 15 billion during the year 2008-09, about 2% of the Government's total exchequers-one of the highest among the private sector.

### Human Resources

The year started with high hopes and great expectations. The company was ready to achieve another record of production and sales for the year 2008-09. Unfortunately, the growth fundamentals in the economy suddenly lost momentum as the year started. All resources including the Human Resource were quickly realigned to keep the organization competitive. HR department participated towards cost reduction initiatives, especially in the area of cost of wages. The year started with manpower of 1,005 associates. Total manpower strength was 764 by June 30, 2009. Even in these times of austerity the company recognized the importance of training and continued the policy of developing one of its most important assets, the human resource. However, the emphasis shifted towards in-house trainings. A total of 206 associates participated in the in-house programs. CEO attend Management Development Program at LUMS in view of his succession to CEO from CFO, 2 senior executives attended the Leadership Grid training program. One executive is under going EMBA in Karachi. Some other outside training opportunities were also offered to our associates in limited number.

The Industrial peace was maintained through out the year. Peaceful holding of Referendum for CBA in

July 2008 and conclusion of agreement between CBA and management over Charter of Demand in April 2009 were reflective of harmonious relations between CBA and management.

### Information Technology

Because of growing global emphasis on new technology, business leaders have expanded their horizons-driven both by competitive pressures and the remarkable array of new capabilities technology offers. IT developments in products and services, business processes, management systems, policies and core business models meant your management sought to integrate advanced technology into their operations. Hence the company has implemented an ERP solution, which will automate process, standardize best practices, make our operation more effective and drive even more improvement throughout the organization.

### Future Outlook

We continue to take the decisive actions necessary to optimize production and reduce cost to effectively confront slumps in demand. In 2009-10 we foresee that the business environment will continue to remain challenging. However, with a competent and hard working professional team and available resources we can convert challenges into opportunities. Some encouraging signs are beginning to emerge with increased business activity in the automobile sector, especially motorcycles. This should augur well for our business which is now well placed to take the advantage of any rise in demand. Prices of copper and aluminum are expected to rebound towards previous high levels at the backdrop of improving world economies; apart from this, we will face cost pressures from every facet, especially, adverse exchange rate parity and increasing prices of utilities related products. However, we will continue to sharpen and streamline our operations, while making prudent investments that is necessary to lay the foundation for a prosperous future. The company is fully aligned with the vision to expand business operation through dealership expansion. I am confident that Management team of your Company has the ability and will act prudently to turnaround

the business of the Company.

ع ایمان مجھ رو کے بہ جو کھینچ ہے مجھ کفر  
کعبہ میرے پیچھے ہے، کلیسامرے آگے

### Acknowledgement

In your company some management changes have taken place. Mr. Mohammad Atta Karim, and Mr. Moatazid, who have been Chief Executive Officer and General Manager Plant & HR retired after reaching superannuation age. In their places, Mr. Sadaqat Ali, Chief Financial Officer and Mr. Muhammad Qadeer Khan, Manager Cast Iron Parts have been elevated as Chief Executive Officer and General Manager Plant of the company respectively. The vacancy of Chief Financial Officer has been filled by Mr. Shakil Ahmed, who has been transferred from Atlas Honda Limited and has 18 years of meritorious service with the group. He has vast experience of financial management.

I welcome Mr. Bashir Makki on the Board and look forward to his support in managing the affairs of your company. I also thank Mr. Iftikhar H. Shirazi for his valuable and substantive contribution, who has resigned from his office as a member of the Board due to his pre-occupations.

I would like to thank members of the board of Directors and the Chief Executive Officer, Mr. Sadaqat Ali and his staff and associates for their dedication and commitment to Company's growth and profitability.

I extend thanks and deep gratitude to all of our shareholders, valuable customers, banks and dealers for their continued trust and confidence reposed in us.



September 10, 2009

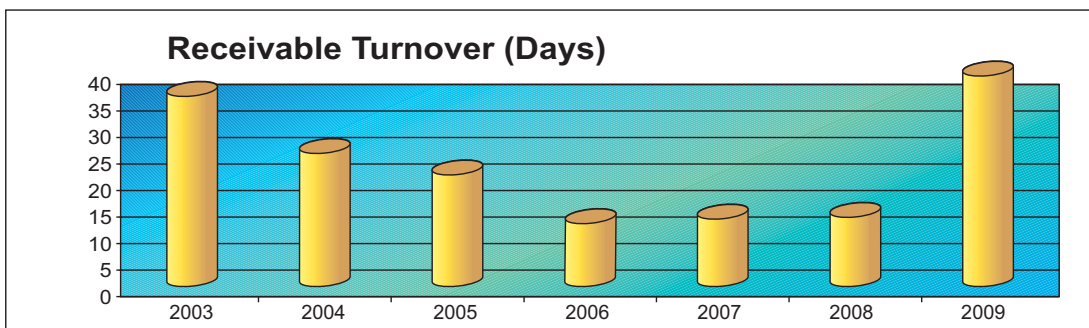
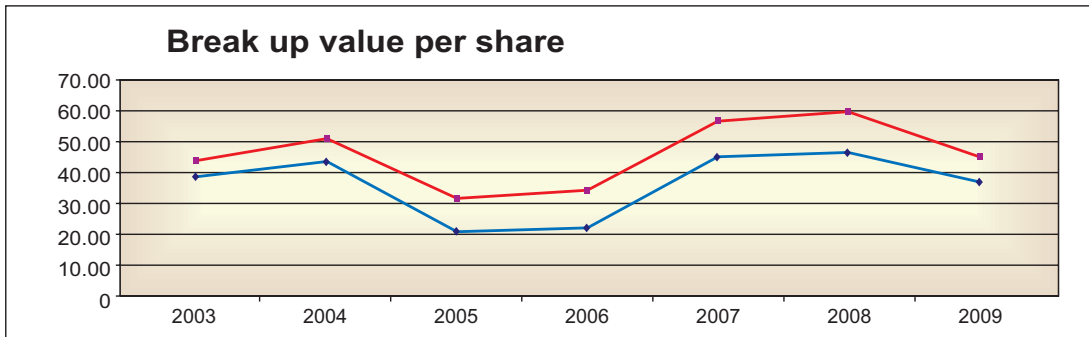
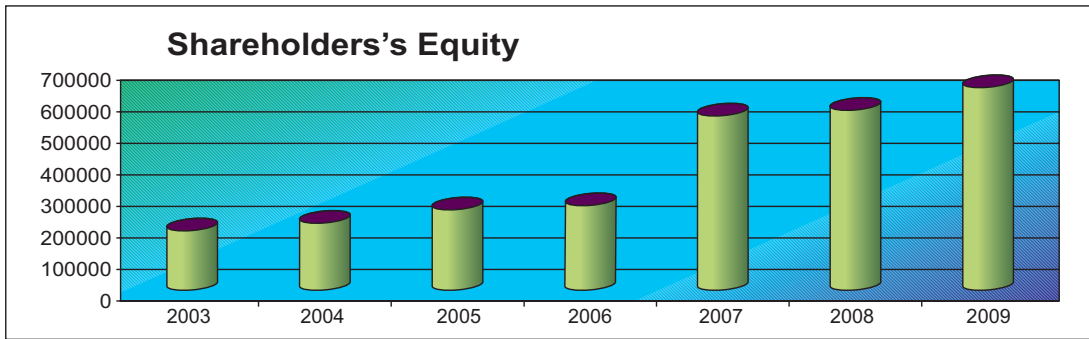
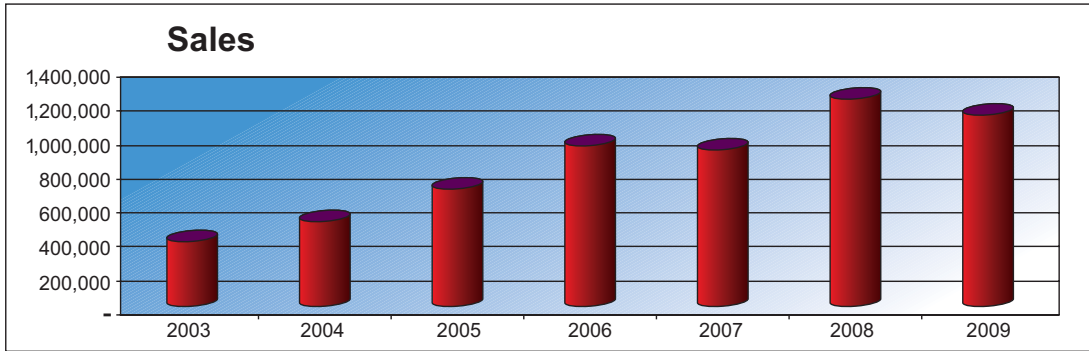
Yusuf H. Shirazi

**KEY PERFORMANCE AND FINANCIAL DATA**

(Rupees in '000's)

Particulars	2009	2008	2007	2006	2005	2004
Sales	1,135,161	1,228,450	925,015	947,484	692,724	504,984
Gross profit	64,184	141,764	77,675	138,200	122,598	91,470
(Loss) / Profit Before Taxation	(59,274)	29,654	(15,574)	57,181	69,849	36,861
(Loss) / Profit After Taxation	(47,467)	19,377	574	29,080	40,825	24,788
Share Capital	246,734	123,367	123,367	123,367	123,367	49,347
Reserves	(20,876)	35,844	16,467	28,230	11,487	(29,338)
Shareholders' Equity						
- Including Surplus on Revaluation	641,638	574,991	555,614	270,277	253,534	213,624
- Excluding Surplus on Revaluation	225,858	159,211	139,834	151,597	134,854	94,944
Fixed Assets Net	810,161	876,807	889,787	592,672	503,471	302,418
Total Assets	1,150,688	1,209,008	1,137,337	903,729	714,600	501,131
Current Assets	330,215	325,178	242,002	308,847	207,750	191,472
Net Current Assets	(34,175)	(91,246)	(113,301)	(31,411)	11,137	27,717
<b>Ratios:</b>						
Profitability ( % )						
Gross Profit	5.65	11.54	8.40	14.59	17.70	18.11
Profit Before Tax	(5.22)	2.41	(1.68)	6.04	10.08	7.30
Profit After Tax	(4.18)	1.58	0.06	3.07	5.89	4.91
<b>Return to Shareholders</b>						
Dividend %	-	7.50	-	10.00	10.00	10.00
Cash Dividend Per Share	-	0.75	-	1.00	1.00	1.00
Dividend Yield Ratio	-	0.02	-	0.02	0.03	0.04
Dividend Pay Out Ratio	-	0.47	-	0.42	0.27	0.39
ROE - After Tax %	(7.40)	3.37	0.10	10.76	16.10	11.60
(Loss) / Earnings - basic & diluted - Rs.	(3.33)	1.61	0.05	2.36	3.74	2.56
Market Price ( June 30 )	9.66	31.60	25.70	39.70	33.00	25.90
<b>Activity ( Times )</b>						
Sales to Total Assets	0.99	1.02	0.81	1.05	0.97	1.01
Sales to Fixed Assets	1.40	1.40	1.04	1.60	1.38	1.67
Debtor Turnover (Days)	40	13	13	12	21	25
<b>Liquidity / Leverage</b>						
Current Ratio ( Times )	0.91	0.78	0.68	0.91	1.06	1.14
Quick Ratio ( Times )	0.43	0.20	0.14	0.18	0.31	0.41
Break up Value per Share ( Rs )						
- Including Surplus on Revaluation	26.01	46.61	45.04	21.91	20.55	43.29
- Excluding Surplus on Revaluation	9.15	12.91	11.33	12.29	10.93	7.96
Long Term debts to Equity(Incl. Surplus on Revaluation) (Times)	0.17	0.28	0.32	0.52	0.54	0.37
Total Liabilities to Equity(Incl. Surplus on Revaluation) (Times)	0.44	0.52	0.51	0.70	0.65	0.57

**KEY PERFORMANCE RATIOS - GRAPHICAL PRESENTATION**





## STATEMENT OF VALUE ADDITION

Year ended 30 June

### Wealth Generated

Total Revenue

Material & Services (excluding duties)

### Wealth distributed:

To Employees

Salaries & other related costs

### To Government

Sales tax, income tax, import duty & other levies

### To Providers of Capital

Dividend to shareholders

Markup/Interest

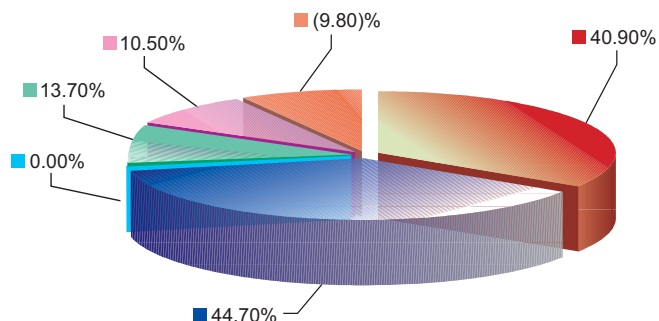
### Retained in the Business

Depreciation

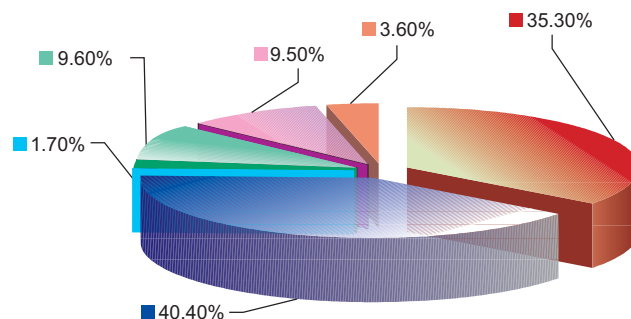
Retained Profit

	(Rupees in 000's)			
	2009 Amount	% age	2008 Amount	% age
Total Revenue	1,316,166		1,411,651	
Material & Services (excluding duties)	(832,002)		(851,374)	
	<u>484,164</u>	<u>100%</u>	<u>560,277</u>	<u>100%</u>
<b>Wealth distributed:</b>				
<b>To Employees</b>				
Salaries & other related costs	198,131	40.9%	197,863	35.3%
<b>To Government</b>				
Sales tax, income tax, import duty & other levies	216,417	44.7%	226,479	40.4%
<b>To Providers of Capital</b>				
Dividend to shareholders	-	0.0%	9,253	1.7%
Markup/Interest	66,355	13.7%	53,861	9.6%
	66,355	13.7%	63,114	11.3%
<b>Retained in the Business</b>				
Depreciation	50,728	10.5%	53,444	9.5%
Retained Profit	(47,467)	(9.8%)	19,377	3.6%
	3,261	0.7%	72,821	13.1%
	<u>484,164</u>	<u>100%</u>	<u>560,277</u>	<u>100%</u>

Wealth Distribution 2009



Wealth Distribution 2008



■ Employees ■ Dividend to shareholder ■ Depreciation ■ Government ■ Markup/Interest ■ Retained in Business

## 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, 2009.

### Financial Results

The financial results of your company for the year ended June 30, 2009 under review are summarized as follows:

	(Rupees in 000's)	
	2009	2008
(Loss) / Profit before taxation	(59,274)	29,654
Taxation		
Current	-	(6,142)
Deferred	12,727	(4,135)
	12,727	(10,277)
Prior years	(920)	-
	11,807	(10,277)
(Loss) / Profit after taxation	(47,467)	19,377

### Earnings per Share

Basic and diluted (loss) / earning per share after tax is Rs. (3.33) per share (2008: Rs. 1.61).

### Dividend

The Company paid 7.5% cash dividend in November 2008, announced in Annual General Meeting held on October 07, 2008 but no dividend has been recommended by the Board of Directors in its meeting held on September 10, 2009 because of loss for the year ended June 30, 2009.

### Right Shares

During the year, the Company issued Right Shares in proportion of 10 shares for every 10 shares held, i.e., 100% of the capital that was approved in the Board of Directors meeting held on January 10, 2009.

Consequent with the issue of Right Shares the Company increased its Authorized Capital to accommodate the Right issue from Rs. 200.0 million to Rs. 400.0 million by creating additional 20.0 million shares. It was approved by the shareholders in the Extra Ordinary General Meeting held on February 06, 2009. All the formalities for the right shares have been completed as per requirement.

### Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the performance of the company for the year ended June 30, 2009 and future prospects. The directors endorse the contents of the review.

### Board of Directors

The Board comprises of seven directors who are non-executive. However, Mr. Mohammad Atta Karim who was retired from the services of the Company on December 31, 2008 was executive director and was holding

a position of Chief Executive Officer in the Company. All the non-executive directors are independent from management.

The Board approved the remuneration of the CEO Rs. 4.50 million, bonus and other benefits like free transportation, telephone facility, medical expenses etc. as per company's policy for the year 2009-2010.

During the year six Board meetings were held. The attendance of the directors is as follows:

S. No.	Name of Directors	Meetings Attendance
1.	Mr. Yusuf H. Shirazi	6
2.	Mr. Ali H. Shirazi	4
3.	Mr. Bashir Makki (Alternate Director to Mr. Iftikhar H. Shirazi)	6
4.	Mr. Jawaid Iqbal Ahmed	4
5.	Mr. H. Masood Sohail	5
6.	Mr. Iftikhar H. Shirazi	0
7.	Mr. Mohammad Atta Karim	6
8.	Mr. Sohail Wajahat H. Siddiqui	4

On June 30, 2009, Mr. Iftikhar H. Shirazi resigned from directorship of the company. Mr. Bashir Makki is ceased to act as an Alternate Director to Mr. Iftikhar H. Shirazi on the date of resignation of Mr. Iftikhar H. Shirazi. The Board of Directors in his place appointed Mr. Bashir Makki as director of the company.

#### **Auditors**

The present Auditors M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year 2009-2010.

#### **Compliance with the Code of Corporate Governance**

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their listing Rules, relevant for the year ended June 30, 2009 have been complied with. The directors confirm the compliance of Corporate Governance and a statement to this effect is annexed.

#### **Audit Committee**

The Audit Committee is a committee of the Board that reviews the financial and internal reporting process, the system of internal controls, management of risks and internal and external audit processes. It also proposes the appointment of external auditors to the shareholders and is directly responsible for their remuneration and oversight of their work. An independent Internal Audit function reports to the committee regarding risks and internal control across the organization. The audit committee receives reports from external auditors on any accounting matters that might be regarded as critical. The detailed Charter of Audit Committee developed in accordance with the Code of Corporate Governance contained in the listing regulations of stock exchanges.

The committee consists of three members, including the Chairman of the Committee who are non-executive directors.

The Audit Committee met four times during the year ended June 30, 2009. The Audit Committee reviewed the quarterly and annual financial statements, besides the internal audit plan, material audit findings and recommendations of the Internal Auditor.

During the year four Audit Committee meetings were held and attended as follows:

Mr. H. Masood Sohail	- Chairman	4
Mr. Ali H. Shirazi	- Member	3
Mr. Iftikhar H. Shirazi	- Member	0
Mr. Bashir Makki	- Member	1

(Alternate to Mr. Iftikhar H. Shirazi)

On resignation of Mr. Iftikhar H. Shirazi from the directorship of the company who was also Member Audit Committee; Board of Directors appointed Mr. Mohammad Atta Karim as Member Audit Committee on the date of resignation of Mr. Iftikhar H. Shirazi.

#### **Management Committee**

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee has responsibility for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The committee is also responsible for maintaining healthy environment within and outside the Company. The committee is organized on a functional basis and meets monthly to review the performance of each function of the company against its targets set at the beginning of the year.

#### **Communication**

Communication with the shareholders is given a high priority. Annual Reports are distributed to them within the time specified in the Companies Ordinance, 1984. The company also has a web site ([www.atlasengineering.com.pk](http://www.atlasengineering.com.pk)), which contains up to date information of Company activities. Quarterly reports are available at the website of the Company within specified time.

**Further the Directors also confirm the following statements:**

- a). The financial statements, prepared by the management of the company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- b). The company has maintained proper books of account.
- c). Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d). International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- e). The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- f). There is no doubt about the company's ability to continue as a going concern.
- g). There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

#### **Key Operating and Financial Data**

A summary of key operating and financial data of the company is annexed.

#### **Government Levies**

Information about taxes and levies is given in notes to the financial statements.

#### **Employees' Provident Fund & Gratuity Fund**

The Company is operating a contributory provident fund scheme for all employees and non-contributory gratuity fund scheme for its management employees. The value of investment, base on their respective audited accounts are as follows:

- Provident Fund Rs. 174.23 million (June 30, 2008)
- Gratuity Fund Rs. 6.08 million (December 31, 2008)

#### **Pattern of Shareholding**

The pattern of shareholding of the company is annexed.

For and on behalf of the  
Board of Directors



**Sadaqat Ali**  
Chief Executive Officer

Karachi: September 10, 2009

## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

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

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

1. The Company encourages representation of independent non-executive directors on its Board. At present all the directors on the Board are non-executive.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as defaulter by that stock exchange.
4. A casual vacancy occurred in the Board during the year that was fully filled in accordingly.
5. The Company has adopted and circulated a 'Statement of Ethics and Business Practices', which has been signed by the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the board. The new Chief Executive Officer of the Company appointed during the year. The Board determined remuneration and terms and conditions of employment of the Chief Executive Officer (CEO).
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board had previously arranged an orientation course for its members to apprise them of their duties and responsibilities.
10. Chief Financial Officer (CFO) of the Company appointed during the year. However, the Board has approved the remuneration and terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary (CS) and Chief Internal Auditor (CIA) as recommended by the CEO.
11. The directors' report for the year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. There are no transactions of related party other than disclosed in the financial statements.
14. The directors, CEO and executives do not hold an interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an audit committee. It comprises three Members, of whom all are non-executive directors including the chairman of the committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations, the auditors have also confirmed that they have observed IFAC guidelines in this respect.
21. We confirm that all other material principles contained in the Code have been complied.



Sadaqat Ali  
Chief Executive Officer

Karachi: September 10, 2009

## **CODE OF BUSINESS PRINCIPLES**

### **Standard of Conduct:**

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

### **Obeying the Law**

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

### **Employees**

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

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

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

It is committed to working with employees to develop and enhance each individuals skills and capabilities.

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

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

### **Consumers**

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

### **Shareholders**

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

### **Business Partners**

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



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

### **Community Involvement**

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

### **Public Activities**

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

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

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

### **The Environment**

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

### **Innovation**

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

### **Competition**

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

### **Business Integrity**

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

### **Conflicts of Interests**

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

### **Compliance Monitoring Reporting:**

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

Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board supported by Audit Committee of the Board. Any breach of the Code must be reported in accordance with the procedures specified by the management. The Board of Atlas Engineering Limited expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

## **AUDIT COMMITTEE CHARTER**

The Board of Directors of the Company determined the terms of reference of the Audit Committee. The Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee shall also include the following:

- (a) determination of appropriate measures to safeguard the Company's assets;
- (b) review of preliminary announcements of results prior to publication;
- (c) review of quarterly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going-concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards; and
  - compliance with listing regulations and other statutory and regulatory requirements.
- (d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (e) review of management letter issued by external auditors and management's response thereto; ensuring coordination between the internal and external auditors of the Company;
- (f) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- (g) consideration of major findings of internal investigations and management's response thereto;

- (h) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- (i) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- (j) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- (k) determination of compliance with relevant statutory requirements;
- (l) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- (m) consideration of any other issue or matter as may be assigned by the Board of Directors.

## **INTERNAL AUDIT DEPARTMENT**

### **MISSION STATEMENT**

The purpose of the internal audit department is

- to provide independent, objective assurance and consulting services designed to add value and improve the organization's operations.
- to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### **SCOPE OF WORK**

The scope of work of the internal audit department is

- to determine whether the organization's network of risk management, control, and governance processes, as designed and represented by the management, is adequate and functioning in a manner to ensure:
  - Risks are appropriately identified and managed.
  - Significant financial, managerial, and operating information is accurate, reliable, and timely.
  - Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
  - Resources are acquired economically, used efficiently, and adequately protected.
  - Programs, plans, and objectives are achieved.
  - Quality and continuous improvement are fostered in the organization's control process.
  - Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.
- to identify during audits, the opportunities for improving management control, profitability, and the organization's image.
- to communicate observations to the appropriate level of management and audit committee.

## **HEALTH, SAFETY AND ENVIRONMENT**

### **OBJECTIVE**

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

### **POLICY**

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

#### **We are committed to**

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

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

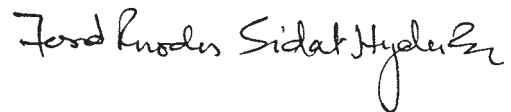
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2009 prepared by the Board of Directors of Atlas Engineering Limited (the Company) to comply with the Listing Regulation no. 37 (Chapter XI) [now Regulation 35 Chapter XI] of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation no. 37 (Chapter XIII) [now Regulation 35 Chapter XI] of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 [now Regulation 35] notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2009.



FORD RHODES SIDAT HYDER & CO.  
Chartered Accountants.

Karachi: September 10, 2009

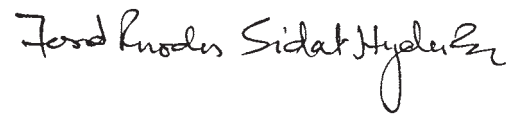
## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Atlas Engineering Limited (the Company) as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Chartered Accountants

Audit Engagement Partner: Shariq Ali Zaidi

Karachi: September 10, 2009



**BALANCE SHEET**

AS AT JUNE 30, 2009

	Note	(Rupees in '000's)	
		2009	2008
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	3	809,651	876,110
Intangible assets	4	510	697
		<u>810,161</u>	<u>876,807</u>
Long-term loans and advances	5	1,009	777
Long-term deposits and prepayments	6	9,303	6,246
		<u>820,473</u>	<u>883,830</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	51,317	46,418
Stock-in-trade	8	120,626	197,464
Trade debts	9	125,307	44,042
Loans and advances	10	4,796	14,625
Trade deposits and short-term prepayments	11	7,960	13,782
Taxation - net	12	15,158	2,069
Cash and bank balances	13	5,051	6,778
		<u>330,215</u>	<u>325,178</u>
<b>TOTAL ASSETS</b>		<u><u>1,150,688</u></u>	<u><u>1,209,008</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	14	246,734	123,367
Accumulated (loss) / profit		(20,876)	35,844
		<u>225,858</u>	<u>159,211</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSET</b>	15	415,780	415,780
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	16	61,500	91,000
Liabilities against assets subject to finance lease	17	17,654	22,220
Long-term murabaha finance	18	3,570	32,142
Retirement and other service benefits	19	22,615	20,183
Deferred taxation	20	39,321	52,048
		<u>144,660</u>	<u>217,593</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	118,220	80,135
Accrued mark-up	22	13,241	12,725
Short-term running finances	23	175,123	223,767
Current maturity of long-term loans	16	15,000	41,711
Current maturity of liabilities against assets subject to finance lease	17	8,571	12,828
Current maturity of long-term murabaha finance	18	28,572	28,572
Provisions and other liabilities	24	5,663	16,686
		<u>364,390</u>	<u>416,424</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,150,688</u></u>	<u><u>1,209,008</u></u>

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



 Sadaqat Ali  
Chief Executive Officer



 Yusuf H. Shirazi  
Chairman



 H. Masood Sohail  
Director

**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED JUNE 30, 2009

		(Rupees in '000's)	
	Note	2009	2008
Sales	26	1,135,161	1,228,450
Cost of goods sold	27	(1,070,977)	(1,086,686)
<b>Gross profit</b>		<b>64,184</b>	<b>141,764</b>
Selling and distribution costs	28	(18,470)	(15,722)
Administrative expenses	29	(42,489)	(39,720)
Other operating expenses	30	(2,589)	(3,177)
Finance cost	31	(66,355)	(53,861)
		(129,903)	(112,480)
<b>Operating (loss) / profit</b>		<b>(65,719)</b>	<b>29,284</b>
Other operating income	32	6,445	370
<b>(Loss) / profit before taxation</b>		<b>(59,274)</b>	<b>29,654</b>
Taxation	33	11,807	(10,277)
<b>(Loss) / profit after taxation</b>		<b>(47,467)</b>	<b>19,377</b>
		(Rupees)	(Rupees) Restated
<b>(Loss) / earnings per share - Basic and diluted</b>	34	<b>(3.33)</b>	<b>1.61</b>

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman



H. Masood Sohail  
Director

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED JUNE 30, 2009

		(Rupees in '000's)	
	Note	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	88,510	86,194
Financial cost paid		(65,839)	(51,144)
Gratuity paid		(155)	(757)
Tax paid		(14,009)	(7,155)
Net cash generated from operating activities		8,507	27,138
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Expenditure on property, plant and equipment		(18,382)	(31,774)
Long-term deposits and prepayments		(3,057)	(1,053)
Long-term loans and advances		(232)	(422)
Proceeds from sale of fixed assets		44,271	3,703
Net cash generated from / (used in) investing activities		22,600	(29,546)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term loans		(56,211)	(3,130)
Long-term murabaha finance		(28,572)	(28,572)
Short-term running finance		(48,644)	41,572
Lease rentals paid		(13,521)	(10,816)
Proceeds from right shares		123,367	-
Dividend paid		(9,253)	-
Net cash used in financing activities		(32,834)	(946)
Net decrease in cash and cash equivalents		(1,727)	(3,354)
Cash and cash equivalents at the beginning of the year		6,778	10,132
Cash and cash equivalents at the end of the year		5,051	6,778

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



 Sadaqat Ali  
Chief Executive Officer



 Yusuf H. Shirazi  
Chairman



 H. Masood Sohail  
Director

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed & paid up capital	Accumulated profit / (loss)	Total
(Rupees in thousands)			
Balance as at June 30, 2007	123,367	16,467	139,834
Profit after taxation	-	19,377	19,377
Balance as at June 30, 2008	123,367	35,844	159,211
Loss after taxation	-	(47,467)	(47,467)
Dividend for the year ended June 30, 2008 @ Re. 0.75 per share	-	(9,253)	(9,253)
Issuance of right shares of Rs.10/- each	123,367	-	123,367
Balance as at June 30, 2009	246,734	(20,876)	225,858

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman



H. Masood Sohail  
Director

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2009

### **1. THE COMPANY AND ITS OPERATIONS**

- 1.1 Atlas Engineering Limited (the Company) was incorporated in Pakistan as a private limited company in 1963 and was converted into a public limited company on July 15, 1966. Its shares are listed on the Karachi and Lahore stock exchanges. The Company is engaged in manufacturing of components and parts for automotive vehicles and tractors. The registered office of the Company is situated at 15th Mile, National Highway, Landhi, Karachi, Pakistan. Shirazi Investment (Private) Limited (holding company) held 61.64 percent ordinary shares of the Company (note 14.2).
- 1.2 During the year, the Company has increased its Authorized Share Capital from 20,000,000 ordinary shares of Rs.10/- each to 40,000,000 ordinary shares of Rs.10/- each and resolution to such effect had been passed in the Extra Ordinary General Meeting of the Company held on February 6, 2009.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Statement of compliance**

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

#### **2.2 Basis of preparation**

These financial statements have been prepared under the historical cost convention, except for leasehold land which has been stated at revalued amount and recognition of certain staff retirement benefits at present value.

#### **2.3 Property, plant and equipment and depreciation**

##### **2.3.1 Owned**

These are stated at cost less accumulated depreciation and any impairment in value except leasehold land and capital work-in-progress which are stated at revalued amount and cost respectively.

Depreciation is charged to profit and loss account applying the written down value method, from the month of acquisition / capitalization, and no depreciation is charged in the month of disposal.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

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

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

### 2.3.2 Assets subject to finance lease

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

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

### 2.3.3 Capital work-in-progress

Capital work-in-progress is stated at cost. It consists of expenditure incurred in respect of tangible assets in the course of their construction and installation.

### 2.3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

## 2.4 Impairment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

## 2.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of cost and net realisable value. Cost is determined on an average basis except for goods in transit which are valued at invoice price plus other related charges paid thereon upto the balance sheet date. Provision is made for slow moving and obsolete items, if any, to write them down to their estimated net realizable value .

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

## 2.6 Stock-in-trade

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

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

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

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

## 2.7 Trade debts

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

## 2.8 Taxation

### 2.8.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available.

### 2.8.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are 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 temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

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

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

## 2.9 Staff retirement benefits

### 2.9.1 Defined benefit plan

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

### 2.9.2 Defined contribution plan

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

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

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

#### **2.10 Compensated absences**

The Company accounts for compensated absences on the basis of unavailed earned leave balance of each employee at the end of the year using current salary levels.

#### **2.11 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 the future for goods and services received, whether or not billed to the Company.

#### **2.12 Provisions**

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

#### **2.13 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 in to Pak Rupees at the rates ruling at the balance sheet date. Exchange differences on foreign currency translations are included in profit and loss account.

#### **2.14 Revenue recognition**

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

#### **2.15 Borrowing costs**

Borrowings costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset.



#### 2.16 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.

#### 2.17 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques / payorders in hand and bank balances.

#### 2.18 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on recognition / derecognition of the financial assets and financial liabilities is taken to profit and loss account.

#### 2.19 Offsetting of financial assets and financial liabilities

A financial asset(s) and a financial liability(ies) is offset and the net amount reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously, if any. Corresponding income and expenditure if any, are also netted off and reported on a net basis in the profit and loss account.

#### 2.20 Related party transactions

The Company enters into transactions with related parties on an arm's length basis and the transfer price is determined as per the method prescribed under the Companies Ordinance, 1984.

#### 2.21 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

	Note
Determining the residual values and useful lives of property, plant and equipment	2.3.1 & 3.1
Revaluation of leasehold land	2.3.1 & 3.1
Impairment / adjustment of inventories to their net realizable value	2.5 & 7, 2.6 & 8
Recognition of taxation and deferred tax	2.8 & 20
Accounting for post employment benefits	2.9 & 19

## 2.22 Change in accounting estimate

### Intangible assets

During the year the Company carried out an exercise for review of useful economic life and residual value. As a result of such exercise it deemed appropriate that the amortisation rate on computer software be revised to 33 percent from 30 percent.

In the opinion of the management, the revision would result in a more accurate reflection of amortisation charge over the useful life of the intangible assets. Had the estimate not been revised the amortisation charge would have been lower and carrying value of intangible assets for the year would have been higher by Rs.54,106/- and loss before taxation would have been lower by the same amount.

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

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

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IAS 32 - Financial Instruments (Amended)	January 01, 2009
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)	January 01, 2009
IFRS 2 - Share-based Payment (Amended)	January 01, 2009
IFRS 3 - Business Combinations (Revised)	July 01, 2009
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	January 01, 2009
IFRIC 16 - Hedges of Net Investment in a Foreign Operation	October 01, 2008
IFRIC 17 - Distributions of Non-Cash Assets to owners	July 01, 2009
IFRIC 18 - Transfers of Assets from Customers	July 01, 2009
IFAS 2 - Ijarah	January 01, 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and/or enhancements in the presentation and disclosures of financial statements.

## 2.24 Adoption of new accounting standards:

During the year, the Company has adopted IFRS 7 "Financial Instruments - Disclosures", which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 9 "IAS 39 Amendment - Embedded Derivatives", IFRIC 12 "Service Concession Arrangements", IFRIC 13 "Customer Loyalty Programmes"

and IFRIC 14 "IAS 19 - The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions" also became effective during the year. However, these interpretations do not affect the Company's financial statements.

## 2.25 Dividend and other appropriations of reserves

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

	Note	2009 (Rupees in thousands)	2008
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	3.1	807,450	862,848
Capital work-in-progress	3.6	2,201	13,262
		<b>809,651</b>	<b>876,110</b>

### 3.1 OPERATING ASSETS

Description	Note	COST / REVALUATION			ACCUMULATED DEPRECIATION			NET BOOK VALUE		Depreciation rate %	
		As at July 01, 2008	Additions/ *transfer (Note 3.4)	(Disposals)	As at June 30, 2009	As at July 01, 2008	Charge for the year	(Disposals)	As at June 30, 2009		As at June 30, 2009
(Rupees in thousands)											
<b>Owned assets</b>											
Leasehold land	3.2	415,940	-	-	415,940	-	-	-	415,940	-	
Buildings on leasehold land											
Factory		60,257	96	-	66,418	37,717	2,431	-	40,148	26,270	10
			*6,065								
Generator premises		4,924	-	-	4,924	3,079	185	-	3,264	1,660	10
Residential		365	-	-	365	310	3	-	313	52	5
Office		4,091	-	-	4,091	1,489	130	-	1,619	2,472	5
Plant and machinery		527,147	2,152	(53,778)	493,661	238,728	29,463	(17,110)	251,081	242,580	10
			*18,140								
Power generators		108,977	-	-	108,977	58,349	6,268	-	64,617	44,360	10&35
Electrical fittings		13,819	139	-	13,958	6,461	746	-	7,207	6,751	10
Office equipment		2,527	-	-	2,527	2,152	56	-	2,208	319	15
Computers and other IT related equipment		12,304	102	-	12,406	7,756	1,385	-	9,141	3,265	30
Furniture and fittings		4,168	-	-	4,168	3,281	89	-	3,370	798	10
Vehicles		16,318	771	(3,353)	13,736	8,229	1,664	(1,619)	8,274	5,462	20
Sui gas, water and drainage lines		2,281	-	-	2,281	1,347	94	-	1,441	840	10
Measuring instruments, dies, jigs, patterns and other equipments		48,022	-	-	48,022	36,758	2,254	-	39,012	9,010	20
		1,221,140	3,260	(57,131)	1,191,474	405,656	44,768	(18,729)	431,695	759,779	
			*24,205								
<b>Leased assets</b>											
Plant and machinery		43,861	4,099	-	47,960	3,520	4,171	-	7,691	40,269	10
Vehicles		8,513	*2,168	-	10,681	1,490	1,789	-	3,279	7,402	20
		52,374	4,099	-	58,641	5,010	5,960	-	10,970	47,671	
			*2,168								
2009		1,273,514	7,359	(57,131)	1,250,115	410,666	50,728	(18,729)	442,665	807,450	
			*26,373								

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

3.1 OPERATING ASSETS

Description	Note	COST / REVALUATION				ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depre- ciation rate %
		As at July 01, 2007	Additions/ *transfer (Note 3.4)	(Disposals)	As at June 30, 2008	As at July 01, 2007	Charge for the year	(Disposals)	As at June 30, 2008	As at June 30, 2008		
----- (Rupees in thousands) -----												
<b>Owned assets</b>												
Leasehold land	3.2	415,940	-	-	415,940	-	-	-	-	415,940	-	
Buildings on leasehold land												
Factory		57,982	2,065	-	60,257	35,318	2,399	-	37,717	22,540	10	
			* 210									
Generator premises		4,924	-	-	4,924	2,874	205	-	3,079	1,845	10	
Residential		365	-	-	365	307	3	-	310	55	5	
Office		4,091	-	-	4,091	1,352	137	-	1,489	2,602	5	
Plant and machinery		525,625	5,070	(12,207)	527,147	218,190	30,887	(10,349)	238,728	288,419	10	
			*8,659									
Power generators		108,977	-	-	108,977	50,662	7,687	-	58,349	50,628	10&35	
Electrical fittings		12,617	982	-	13,819	5,721	740	-	6,461	7,358	10	
			*220									
Office equipment		2,527	-	-	2,527	2,086	66	-	2,152	375	15	
Computers and other IT related equipment		10,350	1,954	-	12,304	6,117	1,639	-	7,756	4,548	30	
Furniture and fittings		4,168	-	-	4,168	3,182	99	-	3,281	887	10	
Vehicles		18,549	**504	(2,735)	16,318	7,136	2,261	(1,202)	8,229	8,089	20	
							**34					
Sui gas, water and drainage lines		2,281	-	-	2,281	1,243	104	-	1,347	934	10	
Measuring instruments, dies, jigs, patterns and other equipments		47,319	553	-	48,022	34,063	2,695	-	36,758	11,264	20	
			*150									
		1,215,715	10,624	(14,942)	1,221,140	368,251	48,922	(11,551)	405,656	815,484		
			*9,239				**34					
			**504									
<b>Leased assets</b>												
Plant and machinery		24,910	*18,951	-	43,861	189	3,331	-	3,520	40,341	10	
Vehicles		2,781	*6,236	** (504)	8,513	333	1,191	** (34)	1,490	7,023	20	
		27,691	*25,187	** (504)	52,374	522	4,522	** (34)	5,010	47,364		
2008		1,243,406	10,624	(14,942)	1,273,514	368,773	53,444	(11,551)	410,666	862,848		
			*34,426	** (504)			**34	** (34)				
			**504									

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

\*\* Represents transferred to owned assets from leased assets.

3.2 Leasehold land is carried at revalued amount. Had the land been carried at cost, it would have been carried at Rs.0.16 million (refer note 15 to the financial statements).

3.3 Allocation of depreciation charge:

	Note	2009 (Rupees in thousands)	2008
Cost of goods sold	27	48,170	50,795
Selling and distribution costs	28	767	795
Administrative expenses	29	1,791	1,854
		<u>50,728</u>	<u>53,444</u>

3.4 Included in operating assets following transfers from capital work-in-progress:

	Note	2009 (Rupees in thousands)	2008
Factory building		6,065	210
Plant and machinery	3.4.1	18,140	27,610
Electrical fittings	3.4.1	-	220
Vehicle - leased		2,168	6,236
Measuring instruments, dies, jigs, patterns and other equipments		-	150
		<u>26,373</u>	<u>34,426</u>

3.4.1 Includes financial cost of Rs. 0.679 million (2008: Rs. 0.803 million) capitalized as a part of cost of such assets. Markup rate is mentioned in note 17 to the account.

3.5 Details of property, plant and equipment disposed-off are given in note 41.

3.6 Capital work-in-progress

Plant and machinery [including in transit of Rs. 0.053 million (2008: Rs. 6.491 million)]		53	9,898
Advances to suppliers / contractors	3.6.1	<u>2,148</u>	<u>3,364</u>
		<u>2,201</u>	<u>13,262</u>

3.6.1 The above balance includes amount paid to Atlas Honda Limited - a related party amounting to Rs. Nil (2008: Rs. 1.132 million).

**4. INTANGIBLE ASSETS**

	COST			ACCUMULATED AMORTIZATION		NETBOOK VALUE		Amortization rate %
	As at July 01, 2008	Additions	As at June 30, 2009	As at July 01, 2008	Charge for the year	As at June 30, 2009	As at June 30, 2009	
	(Rupees in thousands)							
Computer software	1,466	409	1,875	769	596	1,365	510	33
2009	1,466	409	1,875	769	596	1,365	510	
2008	787	679	1,466	331	438	769	697	30

4.1 The amortization charge for the year has been charged to administrative expenses (note 29).

**5. LONG-TERM LOANS AND ADVANCES**

Secured, considered good

	Note	2009 (Rupees in thousands)	2008
Loans to employees - interest bearing	5.1	1,160	898
Less: current maturity shown under current assets		<u>978</u>	<u>760</u>
		182	138
Long-term advances to employees - non-interest bearing	5.2	1,396	1,090
Less: current maturity shown under current assets		<u>569</u>	<u>451</u>
		827	639
		<u>1,009</u>	<u>777</u>

- 5.1 These loans carry mark-up at the rate of 1% (2008: 1%) per month and are secured against employee's retirement benefits. The loans are recoverable in monthly installments over a period of maximum 24 months.
- 5.2 These represent non-interest bearing advances to employees for purchase of motorcycles and are payable by way of a 15% amount upfront and the balance in maximum 42 equal monthly installments. These are secured against employee's retirement benefits.

	Note	2009 (Rupees in thousands)	2008
<b>6. LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Security deposits			
Leasing	6.1	5,366	5,134
Ijarah		2,707	-
Utilities		751	751
Suppliers		246	246
Others		65	65
		<u>9,135</u>	<u>6,196</u>
Prepayments		299	237
Less: current maturity shown under current assets		131	187
		<u>168</u>	<u>50</u>
		<u>9,303</u>	<u>6,246</u>

6.1 Represents deposits against leased assets with Atlas Bank Limited - a related party.

**7. STORES, SPARE PARTS AND LOOSE TOOLS**

Stores and spare parts - In hand		28,497	26,501
- In transit		2,921	709
Loose tools		21,261	19,876
Electrical goods		1,033	1,227
		<u>53,712</u>	<u>48,313</u>
Less: Provision for obsolescence	7.1	2,395	1,895
		<u>51,317</u>	<u>46,418</u>

7.1 Comprises provision in respect of stores and spare parts - in hand amounting to Rs. 1.701 million (2008: Rs. 1.201 million) and in respect of loose tools amounting to Rs. 0.694 million (2008: Rs. 0.694 million).

**8. STOCK-IN-TRADE**

Raw and ancillary materials			
In hand		42,899	120,896
In transit		35,580	10,142
		<u>78,479</u>	<u>131,038</u>
Packing materials		870	1,366
Work-in-process	8.1 & 8.2	16,945	30,978
Finished goods	8.3	24,995	34,745
		<u>121,289</u>	<u>198,127</u>
Less: Provision for obsolescence	8.4	663	663
		<u>120,626</u>	<u>197,464</u>

8.1 Includes stock valued at net realizable value amounting to Rs. 1.565 million (2008: Rs. 2.588 million).

- 8.2 Includes herein are stocks held by third parties amounting to Rs. 1,998 million (2008: Rs. 2,885 million).
- 8.3 Includes stock valued at net realizable value amounting to Rs. 9,909 million (2008: Rs. 16,545 million).
- 8.4 Comprises provision in respect of raw and ancillary materials - in hand amounting to Rs. 0.260 million (2008: Rs. 0.260 million) and in respect of work-in-process amounting Rs. 0.403 million (2008: Rs. 0.403 million).

	Note	2009 (Rupees in thousands)	2008
<b>9. TRADE DEBTS - considered good</b>	9.1 & 9.2	<u>125,307</u>	<u>44,042</u>
9.1 Included herein trade debts receivable from related parties:			
Atlas Honda Limited		88,853	-
Honda Atlas Cars (Pakistan) Limited		-	33
		<u>88,853</u>	<u>33</u>
9.2 The ageing analysis of unimpaired trade debts at June 30 is as follows:			
Neither past due nor impaired		87,248	32,926
Past due but not impaired			
- within 30 days		34,638	9,962
- 31 to 60 days		2,049	677
- 61 to 90 days		818	33
- over 90 days		554	444
		<u>125,307</u>	<u>44,042</u>
<b>10. LOANS AND ADVANCES - Unsecured, considered good</b>			
Loans to employees - non-interest bearing		327	308
Current maturity of:			
Long-term loans to the employees - interest bearing advance to employees		978	760
		569	451
		1,547	1,211
Advances:			
against salary		55	25
against expenses		967	576
against letter of credits		-	1,349
to suppliers		1,900	11,156
		2,922	13,106
		<u>4,796</u>	<u>14,625</u>
<b>11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
Security and trade deposits		318	342
Letter of Credit and guarantee margin		6,592	11,209
Prepayments		919	2,044
Current maturity of long-term prepayments		131	187
		<u>7,960</u>	<u>13,782</u>

## 12. TAXATION - Net

The income tax assessments of the Company have been finalized by the Income Tax Department upto tax year 2008 (accounting year ended June 30, 2008).

	Note	2009 (Rupees in thousands)	2008
<b>13. CASH AND BANK BALANCES</b>			
In hand:			
- Cheques / Payorders		2,957	2,291
- Cash		449	92
		<u>3,406</u>	<u>2,383</u>
Cash at bank in current accounts	13.1	1,645	4,395
		<u>5,051</u>	<u>6,778</u>

13.1 Includes Rs. 0.105 million (2008: Rs. Nil) kept with Atlas Bank Limited - a related party.

## 14. SHARE CAPITAL

2009	2008			2009	2008
Number of shares					
<u>40,000,000</u>	<u>20,000,000</u>	Authorized share capital		<u>400,000</u>	<u>200,000</u>
		Ordinary shares of Rs.10/- each			
		Issued, subscribed and paid-up capital			
		Ordinary shares of Rs.10/- each			
21,610,283	9,273,588	- fully paid in cash	14.1	216,103	92,736
49,800	49,800	- issued for consideration other than cash		498	498
3,013,307	3,013,307	- issued as fully paid bonus shares		30,133	30,133
<u>24,673,390</u>	<u>12,336,695</u>			<u>246,734</u>	<u>123,367</u>

### 14.1 Fully paid in cash

9,273,588	9,273,588	Ordinary shares of Rs.10/- each	92,736	92,736
12,336,695	-	Issued during the year	123,367	-
<u>21,610,283</u>	<u>9,273,588</u>		<u>216,103</u>	<u>92,736</u>

14.2 As at the balance sheet date, the shares in the Company held by related parties were 21,416,102 shares (2008: 8,902,802 shares) which included 15,208,372 (2008: 6,148,937) ordinary shares of Rs.10/- each which is 61.64% (2008: 49.81%) of the total equity of the Company held by Shirazi Investment (Private) Limited now the holding company.

## 15. SURPLUS ON REVALUATION OF FIXED ASSET

415,780                      415,780

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

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



	Note	2009 (Rupees in thousands)	2008
<b>16. LONG-TERM LOANS</b>			
Secured			
Loan - I		-	14,282
Loan - II		-	21,429
Loan - III	16.1	51,000	57,000
Loan - IV	16.2	25,500	-
		<u>76,500</u>	<u>92,711</u>
Less: Current maturity - long-term loans		<u>15,000</u>	<u>41,711</u>
		<u>61,500</u>	<u>51,000</u>
Unsecured			
From directors		-	20,000
Close family members of directors		-	20,000
		-	40,000
		<u>61,500</u>	<u>91,000</u>

16.1 This represents a utilized portion of loan facility of Rs. 60 million obtained from a commercial bank. The loan is repayable in 10 equal semi annual installments commencing January 20, 2008 and carries mark-up at the last 6 months KIBOR (ask side) plus 2.25% per annum with no floor and cap. The loan is secured by first registered charge over fixed assets for Rs. 167 million.

16.2 This represents the disbursed amount of a loan facility of Rs. 30 million obtained from a commercial bank - a related party. The loan is repayable in 20 equal quarterly installments commencing December 26, 2008 and carries mark-up at 3 months KIBOR (ask side) rate plus 1.50% per annum. The loan is secured by first pari passu charge over fixed assets for Rs. 40 million.

## 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represent finance leases entered into with Atlas Bank Limited - a related party in respect of machinery and vehicles. Total lease rentals due under various lease agreements aggregating Rs. 30.733 million (2008: Rs. 42.213 million) and are payable in monthly installments latest by June 2013. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 13.80 percent to 16.25 percent (2008: approximately 12.12 percent to 14.74 percent) per annum have been used as discounting factor. These liabilities are secured by on demand promissory notes of Rs. 62.876 million (2008: Rs. 58.747 million).

	2009		2008	
	Minimum lease payments	Present value	Minimum lease payments	Present value
Within one year	11,000	8,571	16,016	12,828
After one year but not more than five years	19,733	17,654	26,197	22,220
Total minimum lease payments	<u>30,733</u>	<u>26,225</u>	<u>42,213</u>	<u>35,048</u>
Less: Amount representing finance charges	4,508	-	7,165	-
Present value of minimum lease payments	<u>26,225</u>	<u>26,225</u>	<u>35,048</u>	<u>35,048</u>
Less: Current portion	8,571	8,571	12,828	12,828
	<u>17,654</u>	<u>17,654</u>	<u>22,220</u>	<u>22,220</u>

	Note	2009 (Rupees in thousands)	2008
<b>18. LONG-TERM MURABAHA FINANCE</b>			
Murabaha finance	18.1	32,142	60,714
Less: Current maturity		28,572	28,572
		<u>3,570</u>	<u>32,142</u>

18.1 This represents the disbursed amount of murabaha finance facility of Rs. 100 million obtained from a banking company. The murabaha finance is repayable in 7 equal half-yearly installments commencing May 18, 2007 and carries mark-up at the last 6 months KIBOR (ask side) plus 1.10% per annum with no floor and cap. The murabaha finance is secured by first pari passu hypothecation charge on all present and future fixed assets for Rs. 134 million (inclusive of 25% margin).

**19. RETIREMENT AND OTHER SERVICE BENEFITS**

Non-management staff gratuity	19.1	13,664	12,560
Accrual for compensated absences	19.2	8,951	7,623
		<u>22,615</u>	<u>20,183</u>

**Defined benefit plan**

**19.1 General Description**

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

The Company also established funded gratuity scheme for its management staff with effect from July 01, 2003 which was approved by the Commissioner of Income Tax in October 2002. The actuarial valuation of the gratuity schemes was carried out as of June 30, 2009.

	Management		Non-Management		Total	
	2009	2008	2009	2008	2009	2008
	----- Rupees in thousands -----					

**19.1.1 Reconciliation of obligations as at year end**

Present value of defined benefit obligation	18,053	15,517	11,252	10,255	29,305	25,772
Fair value of plan assets	(5,809)	(6,131)	-	-	(5,809)	(6,131)
	12,244	9,386	11,252	10,255	23,496	19,641
Unrecognised actuarial gain/(loss)	(5,861)	(3,598)	2,413	2,305	(3,448)	(1,293)
Unrecognised non-vested liability	-	-	-	-	-	-
Net liability at end of the year	6,383	5,788	13,665	12,560	20,048	18,348

	Management		Non-Management		Total	
	2009	2008	2009	2008	2009	2008
----- Rupees in thousands -----						
<b>19.1.2 Movement in liability</b>						
Net liability at beginning of the year	5,788	5,568	12,560	12,102	18,348	17,670
Charge for the year	2,137	1,595	1,312	1,103	3,449	2,698
Contributions	(1,594)	(1,375)	-	-	(1,594)	(1,375)
Benefits paid during the period	-	-	(155)	(645)	(155)	(645)
Prior services cost - Promotions	52	-	(52)	-	-	-
Net liability at end of the year	6,383	5,788	13,665	12,560	20,048	18,348
<b>19.1.3 Charge for the year</b>						
Current service cost	759	639	324	331	1,083	970
Interest cost	1,838	1,279	1,170	955	3,008	2,234
Expected return on assets	(786)	(517)	-	-	(786)	(517)
Amortization of non-vested liability	-	98	-	-	-	98
Amortization of actuarial (gain)/loss	186	96	(183)	(183)	3	(87)
Prior services cost - Promotions	139	-	-	-	139	-
Charge for the year	2,136	1,595	1,311	1,103	3,447	2,698
<b>19.1.4 Movement in defined benefit obligation</b>						
Present value of defined benefit obligation at beginning of the year	15,517	12,696	10,255	9,668	25,772	22,364
Current Service cost	759	639	324	331	1,083	970
Interest cost	1,838	1,279	1,170	955	3,008	2,234
Benefits paid during the year	(2,671)	(338)	(155)	(645)	(2,826)	(983)
Actuarial loss/(gain)	1,898	1,241	(290)	(54)	1,608	1,187
Liability recognized - transferees	520	-	-	-	520	-
Liability recognized - promotees	52	-	(52)	-	-	-
Prior service cost - promotees	139	-	-	-	139	-
Present value of defined benefit obligation at end of the year	18,053	15,517	11,252	10,255	29,304	25,772
<b>19.1.5 Movement in fair value of plan assets</b>						
Present value of plan assets at beginning of the year	6,131	4,610	-	-	6,131	4,610
Expected return on plan assets	786	517	-	-	786	517
Contributions made by the Company	1,594	1,375	-	-	1,594	1,375
Benefits paid during the year	(2,671)	(338)	-	-	(2,671)	(338)
Actuarial gain/(loss)	(551)	(33)	-	-	(551)	(33)
Transfer of funds - transferees	520	-	-	-	520	-
Present value of plan assets at end of the year	5,809	6,131	-	-	5,809	6,131

	Management		Non-Management	
	2009	2008	2009	2008
19.1.6 Principal actuarial assumptions:				
Discount rate	12%	12%	12%	12%
Expected per annum rate of return on plan assets	12%	12%	-	-
Expected per annum rate of increase in future salaries	11%	11%	11%	11%

	Management		Non-Management		Total	
	2009	2008	2009	2008	2009	2008
----- (Rupees in thousands) -----						
19.1.7 Actual return on plan assets	285	484	-	-	285	484

19.1.8 Plan assets comprise the following:

	2009		2008	
	Amount in '000	%age	Amount in '000	%age
Equity	2,827	51.00	2,513	41.00
Debt	2,964	48.70	3,250	53.00
Cash	18	0.30	368	6.00
	<u>5,809</u>		<u>6,131</u>	

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

19.1.10 Expected contribution to Management Staff Gratuity Fund for the year ending June 30, 2010 is Rs. 2.586 million.

19.1.11 Management Staff Gratuity Fund - Comparison for past years:

	2009	2008	2007	2006
----- (Rupees in thousands) -----				
Present value of defined benefit obligation	18,053	15,517	12,696	13,565
Fair value of plan assets	5,809	6,131	4,610	6,212
Deficit	<u>(12,244)</u>	<u>(9,386)</u>	<u>(8,086)</u>	<u>(7,353)</u>
Experience adjustments				
Loss on plan liabilities	<u>1,898</u>	<u>1,241</u>	<u>858</u>	<u>1,299</u>
Gain/(loss) on plan assets	<u>(551)</u>	<u>(33)</u>	<u>223</u>	<u>(203)</u>

19.1.12 Non-Management Staff Gratuity Fund - Comparison for past years:

	2009	2008	2007	2006
----- (Rupees in thousands) -----				
Present value of defined benefit obligation	11,252	10,255	9,668	9,247
Fair value of plan assets	-	-	-	-
Deficit	<u>11,252</u>	<u>10,255</u>	<u>9,668</u>	<u>9,247</u>
Experience adjustments				
Gain on plan liabilities	<u>(290)</u>	<u>(54)</u>	<u>(363)</u>	<u>(567)</u>

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

	Opening balance -----	Charge for the year (Rupees in thousands)	Payments	Closing Balance -----
Accrual for compensated absences	7,623	1,781	453	8,951
		2009		2008
	Note	(Rupees in thousands)		

## 20. DEFERRED TAXATION

This comprises the following:

Deferred tax liabilities				
Difference in accounting and tax base of fixed assets		67,754		78,890
Difference in accounting and tax base of intangible assets		-		15
Deferred tax assets				
Provision for gratuity		(4,764)		(4,397)
Provisions		(1,066)		(895)
Difference in accounting and tax base of intangible assets		(29)		-
Tax losses		(16,432)		(6,057)
Carry over of minimum tax	20.1	(6,142)		(15,508)
		<u>39,321</u>		<u>52,048</u>

20.1 Represents minimum tax charge for the tax year 2008 under clause (c) of sub-section (1) of section 113 of the Income Tax Ordinance, 2001 (the Ordinance). The management of the Company, based on the legal opinion and financial projection for future years, is confident that the excess minimum tax paid after 01 July 2004, being the date when minimum tax charge was allowed to be carry forward will continue to be available for set off against its tax liability, under the normal provision of the law, for three tax years immediately succeeding the tax year for which the minimum tax was paid and will not be affected by the amendment made vide Finance Act, 2008 section 113 to the Ordinance.

## 21. TRADE AND OTHER PAYABLES

Trade creditors		41,716		49,168
Sales tax payable - net		5,360		949
Special excise duty payable		692		577
Royalty payable		4,380		6,111
Gratuity fund - management staff	19.1.1	6,383		5,788
Accrued liabilities		56,210		15,586
Advances from customers		3,479		1,956
		<u>118,220</u>		<u>80,135</u>

21.1 Included herein trade credits amounting to Rs.2.190 million (2008: Nil) payable to Atlas Insurance Company Limited - a related party.

## 22. ACCRUED MARK-UP

Term loans		4,783		4,767
Short-term running finances		8,458		7,958
	22.1	<u>13,241</u>		<u>12,725</u>

22.1 Included herein Rs.1.440 million (2008: Nil) mark-up payable to Atlas Bank Limited - a related party.

	Note	2009 (Rupees in thousands)	2008
<b>23. SHORT-TERM RUNNING FINANCES</b>			
From a related party		7,072	72,059
Banks		168,051	151,708
	23.1	<u>175,123</u>	<u>223,767</u>

23.1 The aggregate facilities for short term running finance available from various banks as of June 30, 2009 amount to Rs.357 million (2008: Rs.325 million) of which Rs.181.877 million (2008: Rs.101.233 million) remained unutilized at year end. These are under mark-up arrangements and are secured by first pari passu joint hypothecation of stocks and book debts of the Company. The rate of mark-up on these finances ranges from three months KIBOR plus 2.50% to one month KIBOR plus 1.75% per annum (2008: three months KIBOR plus 0.75% to one month KIBOR plus 1.75% per annum). These are repayable latest by March 31, 2010.

**24. PROVISIONS AND OTHER LIABILITIES**

Provision for bonus - management staff	24.1	-	9,816
Provision for bonus - non-management staff	24.1	420	1,459
Deposits from employees / contractors	24.2	3,783	3,056
Workers' Profit Participation Fund	24.3	-	1,537
Unclaimed dividends		464	378
Others		996	440
		<u>5,663</u>	<u>16,686</u>

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

	Opening balance	Charge for the year	Payments	Closing Balance
	———— (Rupees in thousands) ————			————
Provision for bonus - management staff	9,816	-	9,816	-
Provision for bonus - non-management staff	1,459	4,890	5,929	420
2009	<u>11,275</u>	<u>4,890</u>	<u>15,745</u>	<u>420</u>
2008	<u>2,243</u>	<u>15,696</u>	<u>6,664</u>	<u>11,275</u>

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

	2009 (Rupees in thousands)	2008
<b>24.3 Workers' Profits Participation Fund</b>		
Balance at the beginning of the year	1,537	-
Interest on fund utilised in Company's business	165	-
	<u>1,702</u>	<u>-</u>
Allocation for the year	-	1,537
	<u>1,702</u>	<u>1,537</u>
Less: Amount paid during the year	1,702	-
Balance at the end of the year	<u>-</u>	<u>1,537</u>

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingency

#### Electricity charges

Karachi Electric Supply Company Limited (KESC) raised a demand of Rs. 12.285 million on the plea that they erred in billing, against which the Company had filed an appeal before the Honourable High Court of Sindh. The Honourable Court issued a stay order on May 26, 1989 for making payments against the remaining disputed demand. The Company till the date of stay order had paid under protest Rs. 7.850 million which had been expensed out in prior years.

In the year 2006, the Honourable High Court of Sindh decided the appeal in favour of KESC. The Company has filed a second appeal against the judgment of the Court before the expanded bench of Sindh High Court. The Company is confident that the appeal will be decided in its favour hence, no provision has been made in respect of the unpaid balance of Rs. 4.435 million.

	2009	2008
	(Rupees in thousands)	

### 25.2 Commitments

#### 25.2.1 Bank guarantees

In favour of		
Collector of Customs	670	843
Sui Southern Gas Company Limited	17,069	16,859
	17,739	17,702

#### 25.2.2 Insurance company guarantee

In favour of Karachi Electric Supply Company Limited	4,000	4,000
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25.2.3 Commitments under letters of credit for other than capital expenditure, contracts and guarantees at the end of the year amounted to Rs. 94.423 million (2008: Rs. 126.031 million).

25.2.4 Commitments under letter of credit in respect of capital expenditure as at June 30, 2009 amounted to Rs. 1.724 million (2008: Rs. 30.219 million).

25.2.5 Commitments in respect of capital expenditure as at June 30, 2009 amounted to Rs. 1.052 million (2008: Rs. 2.418 million).

#### 25.2.6 Commitments for rentals under Ijarah finance agreement:

Years		
Within one year	10,647	-
After one year but not more than five years	46,832	-
	57,479	-

Represent Ijarah Finance Facility entered into with Meezan Bank Limited in respect of machineries. Total Ijarah payments due under the agreement is Rs. 57.785 million (2008: Rs. NIL) and are payable in semi-annual installments latest by December 2013. Taxes, repairs, replacement and insurance costs are to be borne by the muj'ir (lessor). These liabilities are secured by on demand promissory notes of Rs. 57.78 million.

	Note	2009 (Rupees in thousands)	2008
<b>26. SALES</b>			
Gross sales		1,316,166	1,411,651
Less: Sales tax		181,005	183,201
		<u>1,135,161</u>	<u>1,228,450</u>
<b>27. COST OF GOODS SOLD</b>			
Raw and ancillary materials consumed		682,048	740,002
Salaries, wages and benefits	27.1	122,379	127,603
Contract labour		41,100	36,959
Spare parts and other maintenance		52,545	48,903
Packing materials consumed		9,505	8,983
Fuel, water and power		69,328	62,803
Rent, rates and taxes		476	882
Insurance		5,023	3,500
Training expenses		373	349
Repairs and maintenance:			
Factory building and electrical fittings		4,487	4,230
Furniture, fittings and office equipments		910	932
Depreciation	3.3	48,170	50,795
Ijarah rentals		306	-
Royalties and technical fee		6,802	11,380
Printing and stationery		1,225	1,253
Postage, telephone and telegrams		1,024	731
Subscriptions		246	192
Provision for obsolescence - stores, spare parts and loose tools		500	500
General expenses		747	582
		<u>1,047,194</u>	<u>1,100,579</u>
Opening work-in-process		30,978	16,411
Closing work-in-process		(16,945)	(30,978)
		<u>14,033</u>	<u>(14,567)</u>
Cost of goods manufactured		<u>1,061,227</u>	<u>1,086,012</u>
Opening stock of finished goods		34,745	35,419
Closing stock of finished goods		(24,995)	(34,745)
		<u>9,750</u>	<u>674</u>
		<u>1,070,977</u>	<u>1,086,686</u>
27.1 Included herein are the following retirement benefits:			
Gratuity		2,468	1,987
Employees Old Age Benefits		1,361	1,211
Provident Fund		2,605	2,376
		<u>6,434</u>	<u>5,574</u>



	Note	2009 (Rupees in thousands)	2008
<b>28. SELLING AND DISTRIBUTION COSTS</b>			
Salaries and allowances	28.1	6,869	6,000
Advertisement and publicity		3,086	2,438
Cartage and octroi		3,066	2,912
Travelling and conveyance		2,015	1,401
Depreciation	3.3	767	795
Insurance		1,023	712
Printing and stationery		367	376
Postage, telephone and telegrams		307	219
Medical expenses		297	219
Rent, rates and taxes		183	169
Business promotion expenses		139	145
Subscriptions		24	22
Repairs and maintenance		273	280
General expenses		54	34
		<u>18,470</u>	<u>15,722</u>
28.1 Included herein are the following retirement benefits:			
Gratuity		212	170
Employees Old Age Benefits		51	35
Provident Fund		379	237
		<u>642</u>	<u>442</u>
<b>29. ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances	29.1 & 29.2	29,419	28,674
Medical expenses		768	676
Travelling and conveyance		2,651	2,399
Insurance		3,256	2,268
Depreciation	3.3	1,791	1,854
Amortisation of intangible assets	4.1	596	438
Rentals		43	66
Printing and stationery		857	877
Postage, telephone and telegrams		717	512
Business promotion expenses		478	454
Subscriptions		525	335
Advertisement and publicity		129	283
Training expenses		517	132
Repairs and maintenance		637	652
General expenses		105	100
		<u>42,489</u>	<u>39,720</u>
29.1 Included herein are the following retirement benefits:			
Gratuity		846	681
Employees Old Age Benefits		154	136
Provident Fund		1,106	892
		<u>2,106</u>	<u>1,709</u>

29.2 Salaries and allowances include directors' fee for attending meetings aggregating to Rs. 0.09 million (2008: Rs. 0.06 million).

	Note	2009 (Rupees in thousands)	2008
<b>30. OTHER OPERATING EXPENSES</b>			
Legal and professional charges		1,375	556
Workers' Profit Participation Fund	24.3	-	1,537
Auditors' remuneration	30.1	917	1,084
Donation	30.2	297	-
		<u>2,589</u>	<u>3,177</u>
<b>30.1 Auditors' remuneration</b>			
Audit fee - statutory		375	235
Fee for half-yearly review		91	83
Certification, tax and other services		390	708
Out-of-pocket expenses		61	58
		<u>917</u>	<u>1,084</u>

30.2 Represents donation given to Atlas Foundation. Mr. Yusuf H. Shirazi and Mr. Jawaid Iqbal Ahmed directors of the Company are also the directors of the Foundation.

### 31. FINANCE COST

Mark-up on:			
- long-term loans - secured		21,582	23,231
- short-term finances - secured		39,716	26,222
- finance lease obligation		3,366	3,132
Bank and other allied charges		1,526	1,276
Interest on Workers' Profit Participation Fund		165	-
		<u>66,355</u>	<u>53,861</u>

### 32. OTHER OPERATING INCOME

Gain on sale of fixed assets	41	5,869	312
Exchange gain - net		501	-
Mark-up on loans to employees		75	58
		<u>6,445</u>	<u>370</u>

### 33. TAXATION

For the year :			
- current		-	6,142
- deferred		12,727	4,135
		<u>12,727</u>	<u>10,277</u>
Prior years		(920)	-
	33.1	<u>11,807</u>	<u>10,277</u>

33.1 In view of tax losses and withdrawal of Section 113 of Income Tax Ordinance, 2001 vide the Finance Act, 2008, no provision for current tax has been made. Accordingly, tax expense reconciliation with the accounting profit is not reported.

### 34. BASIC AND DILUTED EARNINGS PER SHARE

			Restated
(Loss) / profit after taxation		(47,467)	19,377
Weighted average number of ordinary shares in issue (in '000')		14,229	11,967
Basic (loss) / profit per share (Rupees)		(3.33)	1.61

34.1 The weighted average number of shares for the year 2008 have been adjusted for the effects of any bonus elements included in right shares.

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

	Chief Executive		Directors		Executives	
	2009	2008	2009	2008	2009	2008
	----- (Rupees in thousands) -----					
Managerial remuneration	3,640	3,050	-	-	10,023	7,191
Bonus	1,103	904	-	-	2,734	2,129
Rent	1,206	1,194	-	-	3,917	2,814
Utility	268	265	-	-	870	625
Retirement benefits	116	-	-	-	919	645
Reimbursable expenses	335	239	-	-	2,171	1,057
Directors' fee	-	-	90	60	-	-
	<u>6,668</u>	<u>5,652</u>	<u>90</u>	<u>60</u>	<u>20,634</u>	<u>14,461</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>13</u>	<u>7</u>

35.1 The Chief Executive and executives are provided with free use of Company maintained cars.

### 36. CASH GENERATED FROM OPERATIONS

	Note	2009 (Rupees in thousands)	2008
(Loss) / profit before taxation		(59,274)	29,654
Adjustments for:			
Depreciation / amortisation	3.3 & 4	51,324	53,882
Profit on sale of fixed assets		(5,869)	(312)
Provision for gratuity		2,587	3,255
Provision for stores, spare parts and loose tools		500	500
Financial expenses		66,355	53,861
		<u>114,897</u>	<u>111,186</u>
Operating profit before working capital changes		55,623	140,840
Working capital changes	36.1	32,887	(54,646)
Cash generated from operations		<u>88,510</u>	<u>86,194</u>
<b>36.1 Working capital changes</b>			
Decrease / (increase) in current assets			
Stock-in-trade		71,439	(53,061)
Trade debts		(81,265)	(11,126)
Loans and advances		9,829	(9,311)
Trade deposits and short-term prepayments		5,822	(12,519)
		<u>5,825</u>	<u>(86,017)</u>
Increase / (decrease) in current liabilities			
Trade and other payable		27,062	31,371
		<u>32,887</u>	<u>(54,646)</u>

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

#### 37.1 Credit risk

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

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

The Company is exposed to credit risk on trade debts, loans and advances and long-term deposits. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2009	2008
	(Rupees in thousands)	
Long-term loans and advances	1,009	777
Long-term deposits	9,135	6,196
Trade debts	125,307	44,042
Loans and advances	4,796	14,625
Trade deposits and short-term pre-payments	6,910	11,551
Bank balances	1,645	4,395
	<u>148,802</u>	<u>81,586</u>

#### Quality of financial assets

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

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

Original Equipment Manufacturers (OEMs)	98,155	20,682
Replacement market	27,029	23,360
Others	123	-
	<u>125,307</u>	<u>44,042</u>

Based on past experience the Company believes that no impairment allowance is necessary against amounts past due by 31 days and above as 78% of the amount is due from renowned Motorcycles and Car Assemblers (OEMs) and institutions and remaining amount is due from customers having good track record with the Company.

### 37.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2009					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	(Rupees in '000')					
Long-term loans - secured	-	4,500	10,500	61,500	-	76,500
Long-term Murabaha	-	3,571	25,000	3,571	-	32,142
Liability under finance lease	-	3,395	5,176	17,654	-	26,225
Short-term running finances	175,123	-	-	-	-	175,123
Trade & other payables	108,573	-	-	-	-	108,573
Provision and other liabilities	5,663	-	-	-	-	5,663
Accrued mark-up / interest	13,241	-	-	-	-	13,241
	302,600	11,466	40,676	82,725	-	437,467

	2008					Total
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	
	(Rupees in '000')					
Long-term loans - secured	-	10,143	31,568	51,000	-	92,711
Long-term Murabaha	-	3,571	25,000	32,143	-	60,714
Liability under finance lease	-	3,207	9,621	22,220	-	35,048
Short-term running finances	223,767	-	-	-	-	223,767
Trade & other payables	76,653	-	-	-	-	76,653
Provision and other liabilities	16,686	-	-	-	-	16,686
Accrued mark-up / interest	12,725	-	-	-	-	12,725
	329,831	16,921	66,189	105,363	-	518,304

### 37.3 Interest rate risk profile

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

#### Sensitivity Analysis:

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

	Increase / decrease in basis points	Effect on loss / profit before tax (Rs. in thousands)
2009		
KIBOR	+100	<u>(647)</u>
KIBOR	-100	<u>647</u>
2008		
KIBOR	+100	<u>(526)</u>
KIBOR	-100	<u>526</u>

#### 37.4 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Accordingly, the Company has issued right shares of Rs.123.367 million during the year (note 14).

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

The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in thousands)	
Long term Murabaha finance	32,142	60,714
Long term loans	76,500	92,711
Short term running finance	175,123	223,767
Liabilities against asset subject to finance lease	26,225	35,048
Trade and other payables	118,220	80,135
Accrued interest / mark-up on borrowings	13,241	12,725
Total debt	<u>441,451</u>	<u>505,100</u>
Less: Cash and bank balances	5,051	6,778
<b>Net debt</b>	<u>436,400</u>	<u>498,322</u>
Share capital	246,734	123,367
Reserves	(20,876)	35,844
Equity	<u>225,858</u>	<u>159,211</u>
Capital	<u>662,258</u>	<u>657,533</u>
Gearing ratio	<u>65.89%</u>	<u>75.79%</u>

#### Fair value of financial instruments

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

**38. RELATED PARTY TRANSACTIONS**

The related parties include entities with common directors, major shareholders, directors, key management personnel and staff retirement benefit plans. The Company has a policy whereby transactions with related parties are entered into at arm's length prices other than certain benefits to employees under the terms of the employment. The transactions with related parties, other than remuneration and benefits to key management personnel disclosed in note 35 and 41 are as follows:

Relationship with the Company	Nature of transactions	2009 (Rupees in thousands)	2008
Major shareholders			
Shirazi Investment (Private) Limited	Advance for issue of right shares	120,000	-
	Refund against right issue	29,406	-
	Dividend paid	4,612	-
Shirazi Capital (Private) Limited	Dividend paid	1,800	-
Entities having directors in common with the Company			
Atlas Honda Limited	Sale of goods	847,321	931,179
	Sale of fixed assets	6,000	-
	Purchase of scrap	1,042	7,481
	Purchase of motorcycles	-	1,406
	Expenses charged to the Company	20	106
	Expenses paid on Company's behalf	64	-
	Purchase of machine	-	50
Honda Atlas Cars (Pakistan) Limited	Sale of auto parts	1,631	1,630
Atlas Bank Limited	Interest expenses	3,603	2,536
	Finance lease obtained	4,698	12,518
	Installment on finance lease	13,520	10,816
	Payment of lease deposits	-	3,936
	Mark-up on running finance	6,158	-
	Long-term loan obtained	30,000	-
	Mark-up on long-term loan	3,327	-
	Long-term loan repaid	4,500	-
Total Atlas Lubricants Pakistan (Private) Limited	Purchase of oil	337	3,057
Atlas Insurance Limited	Insurance premium	16,598	12,426
	Dividend paid	266	-
Shirazi Trading Company (Private) Limited	Photocopier spares and services	397	344
	Purchase of computers	-	95
	Sale of scrap	720	5,003
	Purchase of compressor	-	5,400
Atlas Capital Market (Private) Limited	Purchase of car	700	-
Atlas Foundation	Dividend paid	525	-
	Donations	297	-
	Office rent	139	-
Employees' retirement benefit plans	Contribution paid during the year	1,659	1,375

The related party status of outstanding receivables and payables as at June 30, 2009 are included in respective notes to the financial statements.

### 39. PRODUCTION

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

### 40. YIELD / MARK-UP RATE RISK

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark-up rate risk in respect of the following:

		2 0 0 9						
Effective yield / mark-up rate	Exposed to yield / mark-up rate risk			Non-Interest / Mark-up bearing			Total	
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
		(Rupees in thousands)						
<b>Financial Assets</b>								
Loans and advances	1% p.m	978	182	1,160	896	827	1,723	2,883
Deposits and other receivables	-	-	-	-	318	9,135	9,453	9,453
Trade debts	-	-	-	-	125,307	-	125,307	125,307
Cash and bank balances	-	-	-	-	5,051	-	5,051	5,051
		978	182	1,160	131,572	9,962	141,534	142,694
<b>Financial Liabilities</b>								
Long-term loans	13.57%- 15.01% p.a	15,000	61,500	76,500	-	-	-	76,500
Short-term running finances	14.02%- 16.26% p.a	175,123	-	175,123	-	-	-	175,123
Trade and other payables	-	-	-	-	108,573	-	108,573	108,573
Accrued mark-up	-	-	-	-	13,241	-	13,241	13,241
Liabilities against assets subject to finance lease	13.80% - 16.25% p.a	8,571	17,654	26,225	-	-	-	26,225
Provision and other liabilities	-	-	-	-	5,663	-	5,663	5,663
		198,694	79,154	277,848	127,477	-	127,477	405,325
Total yield / mark-up rate risk sensitivity gap		(197,716)	(78,972)	(276,688)	4,095	9,962	14,057	(262,631)



2008

	Effective yield / mark-up rate	Exposed to yield / mark-up rate risk			Non-Interest / Mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
(Rupees in thousands)								
<b>Financial Assets</b>								
Loans and advances	1% p.m	760	138	898	759	639	1,398	2,296
Deposits and other receivables	-	-	-	-	342	6,196	6,538	6,538
Trade debts	-	-	-	-	44,042	-	44,042	44,042
Cash and bank balances	-	-	-	-	6,778	-	6,778	6,778
		760	138	898	51,921	6,835	58,756	59,654
<b>Financial Liabilities</b>								
Long-term loans	14.68%- 16.44% p.a	70,203	83,142	153,345	-	40,000	40,000	193,345
Short-term running finances	14.63%- 15.39% p.a	223,767	-	223,767	-	-	-	223,767
Trade and other payables	-	-	-	-	76,653	-	76,653	76,653
Accrued mark-up	-	-	-	-	12,725	-	12,725	12,725
Liabilities against assets subject to finance lease	12.12% - 14.74% p.a	12,828	22,220	35,048	-	-	-	35,048
Provision and other liabilities	-	-	-	-	16,686	-	16,686	16,686
		306,798	105,362	412,160	106,064	40,000	146,064	558,224
Total yield / mark-up rate risk sensitivity gap		(306,038)	(105,224)	(411,262)	(54,143)	(33,165)	(87,308)	(498,570)

#### 41. DETAILS OF PROPERTY, PLANT AND EQUIPMENTS DISPOSED-OFF

The following assets were disposed-off during the year:

Note	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain (loss)	Mode of disposal	Particulars of buyers
(Rupees in thousands)							
Santro Car	434	254	180	180	-	Company's Policy	Mr. Rashid Ahmed (Employee) (Karachi)
Honda Civic Car	1,042	483	559	559	-	Company' s Policy	Mr. Mir Maotazid (Ex. Employee) (Karachi)
Suzuki Cultus Car	590	347	243	243	-	Company' s Policy	Mr. Muhammad Shamim Khan (Employee) (Karachi)
Suzuki Mehran Car	408	65	343	367	24	By Negotiation	Mr, Anwar Hussain (Karachi)
Motor Vehicles	41.1 878	469	409	422	13	Company' Policy	Various Employees (Karachi)
Plant & Machinery	6,388	2,063	4,325	6,000	1,675	By Negotiation	Atlas Honda Limited (Karachi)
Plant & Machinery	47,391	15,048	32,343	36,500	4,157	By Negotiation	MBI Industries (Pvt.) Limited (Karachi)
2009	57,131	18,729	38,402	44,271	5,869		
2008	14,942	11,551	3,391	3,703	312		

41.1 This represents aggregate of assets disposed-off having book value below Rs. 50,000/- each under Company's policy / by negotiation.

**42. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorized for issue on September 10, 2009 by the Board of Directors of the Company.

**43. CORRESPONDING FIGURES**

Prior year's figures have been reclassified for the purpose of comparison. There were no major reclassifications.

**44. GENERAL**

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



Sadaqat Ali  
Chief Executive Officer



Yusuf H. Shirazi  
Chairman



H. Masood Sohail  
Director

**PATTERN OF SHAREHOLDING**  
**AS AT JUNE 30, 2009**

NUMBER OF SHAREHOLDERS	* SHARE HOLDING		TOTAL SHARES HELD
	FROM	TO	
337	1	100 Shares	10,658
293	101	500 Shares	81,276
142	501	1,000 Shares	112,578
172	1,001	5,000 Shares	375,171
24	5,001	10,000 Shares	173,296
9	10,001	15,000 Shares	114,724
4	15,001	20,000 Shares	76,500
3	25,001	30,000 Shares	78,585
1	30,001	35,000 Shares	35,000
5	195,001	200,000 Shares	999,500
2	700,001	705,000 Shares	1,408,840
1	1,195,001	1,200,000 Shares	1,200,000
1	4,795,001	4,800,000 Shares	4,798,890
1	15,205,001	15,210,000 Shares	15,208,372
995			24,673,390

\* Note: There is no shereholding in the slabs not mentioned.

## CATEGORIES OF SHAREHOLDERS

	Number	Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties.</b>			
Shirazi Investments (Pvt.) Limited	1	15,208,372	61.64%
Shirazi Capital (Pvt.) Limited	1	4,798,890	19.45%
Atlas Insurance Limited	1	708,840	2.87%
Atlas Foundation	1	700,000	2.84%
	<u>4</u>	<u>21,416,102</u>	<u>86.80%</u>
Investment Corporation of Pakistan	1	319	0.00%
National Bank of Pakistan, Trustee Deptt., H.O.	1	25,164	0.10%
NBP Trustee - NI (U) T (Loc) Fund.	1	25,921	0.11%
	<u>3</u>	<u>51,404</u>	<u>0.21%</u>
<b>Directors / Spouse</b>			
Mr.Yusuf H. Shirazi/Mrs.Khawar Sh. Shirazi	1	1	} 0.00%
Mr.Ali H. Shirazi	1	1	
Mr.H.Masood Sohail	1	1,000	
Mr.Jawaid Iqbal Ahmed	1	100	
	<u>4</u>	<u>1,102</u>	<u>0.00%</u>
<b>Executive</b>	-	-	-
<b>Public Sector Companies &amp; Corporation</b>	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarbas & Mutual Funds	<u>21</u>	<u>1,244,523</u>	<u>5.04%</u>
Shareholders holding ten percent or more voting interest in the company.	-	-	-
<b>Individuals</b>	<u>960</u>	<u>1,959,144</u>	<u>7.94%</u>
<b>Others</b>			
Corporate Law Authority (SECP)	1	1	} 0.00%
The Nazir, High Court of Sindh, Karachi	1	206	
The Administrator, Abandoned Properties	1	908	
	<u>3</u>	<u>1,115</u>	<u>0.00%</u>
	<u>995</u>	<u>24,673,390</u>	<u>100.00%</u>

## Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1963
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
 Atlas Bank	1990
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Total Atlas Lubricants	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Capital Markets	2006
 Atlas Power	2007



**ALLWIN** ہے تو اچھا ہے **آلن**

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

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

**No. of Shares held**

## FORM OF PROXY

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

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

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

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

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

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

who is also a member of the Company, as proxy in my absence to attend and to vote for me, and on my behalf at the Annual General Meeting of the Company to be held on Monday the October 12, 2009 at 10:30 a.m. at Corporate Office, Federation House, 2nd Floor, Shahrah-e-Firdousi, main Clifton, Karachi and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Signed by the said in the presence of

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please affix  
Rupees Five  
Revenue  
Stamp

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

Notes:

1. The Proxy Form should be deposited in the Registered Office of the Company as soon as possible but not less than 48 hours before the time of holding the meeting, and in default Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he/she is a member of the Company.
3. CDC shareholders and their proxies are each requested to attach an attested photocopy their National Identity Card or Passport with this proxy from before submission to the Company.

**AFFIX  
POSTAGE**

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

Fold Here

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Fold Here

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# **Atlas Engineering Limited**

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