

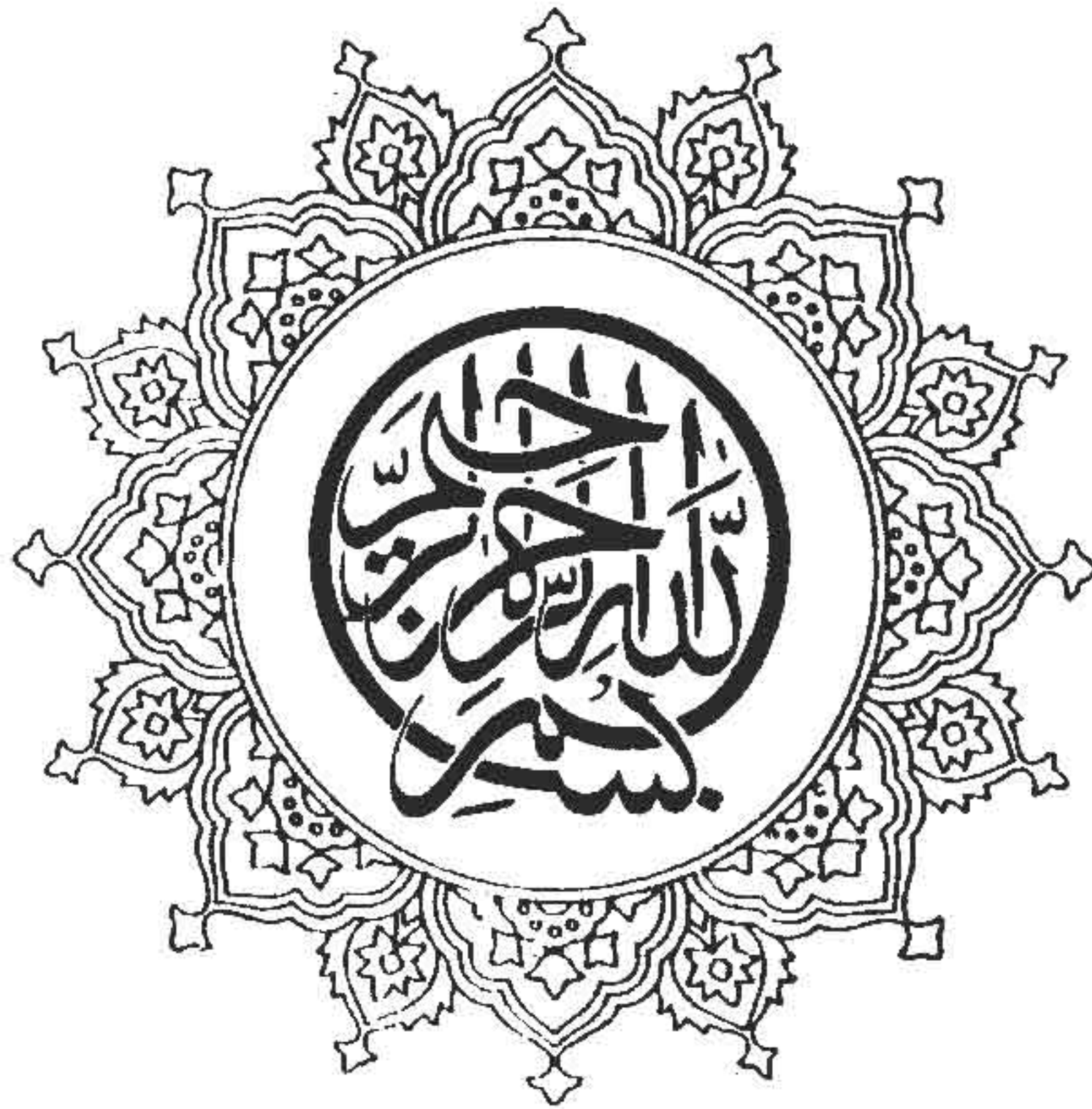


Established 1940

# **THE CLIMAX**

ENGINEERING COMPANY LIMITED

## **ANNUAL REPORT 2009**



**THE CLIMAX**  
ENGINEERING COMPANY LIMITED



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## COMPANY INFORMATION

**BOARD OF DIRECTORS :**

1. CH. M. A. HAMEED *Chairman*
2. CH. M. A. QAYYUM *Chief Executive*
3. CH. ABDUL SALAM
4. CH. IMTIAZ A. HAMEED
5. CH. MAHMOOD GHANI FAIZI
6. CH. USMAN GHANI FAIZI
7. CH. ZIA-UL-HAMEED

**COMPANY SECRETARY :**

MR. MAZHAR-UL-HAQ SIDDIQUI

**AUDIT COMMITTEE :**

CH. USMAN GHANI FAIZI *Chairman - Member*  
CH. M. IQBAL NAZIR *Member*  
CH. ZIA-UL-HAMEED *Member*

**CHIEF FINANCIAL OFFICER :**

SH. JAMIL AHMAD

**AUDITORS :**

M/s. QADEER & Co.  
*Chartered Accountants*

**LEGAL ADVISORS :**

MUSHTAQ AKHTAR MEHDI  
ABDUL HAKIM AWAN

**REGISTERED OFFICE & WORKS :**

CLIMAXABAD, G.T. ROAD,  
GUJRANWALA

**BANKERS :**

NIB BANK LIMITED  
HABIB BANK LIMITED  
NATIONAL BANK OF PAKISTAN LIMITED  
STANDARD CHARTERED BANK LIMITED



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# VISION STATEMENT

To be the Best in Engineering  
Business in the Region

# MISSION STATEMENT

To grow Engineering business consistently and aggressively by maintaining market leadership through positive relationship with customers to attain full customer satisfaction level and to bring continuous improvement by adopting only those business practices which add value for its customers, employees and shareholders.

## Our Core Values

Define and direct every decision we make and every action we take at  
The Climax Engineering Company Limited

### **Integrity**

We adhere to a code of conduct, which produces consistently ethical behaviour

### **Excellence**

We do the right things in a superior manner while striving for continuous improvements.

### **Respect**

We deal with and treat others the way we want to be dealt with and treated.

### **Financial Success**

We consistently focus on our business to create economic value today and into the future

## STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Company's Ethics and Business practices confirm to the Company's Mission Statement.

### **PURPOSE AND VALUES OF BUSINESS**

To manufacture Power Transformers, Electric Fans, Electric Motors and other Engineering goods conforming to the specified standards for achieving self sufficiency in this field and developing technical and engineering capabilities in the Country.

### **EMPLOYEES**

Employees shall not use Company's information and assets for their personal advantage. Conflict of interest shall be avoided and disclosed where its exists and guidance sought.

### **CUSTOMER RELATION**

Ensure Customer satisfaction by providing quality products at most competitive prices and warranty coverage and ensuring after sale services within the Warranty period.

### **SHAREHOLDERS, FINANCIAL INSTITUTIONS & CREDITORS**

To protect the investment made in the Company and proper return of money invested.  
A commitment to accurate and timely communication on achievements and prospects.

### **SUPPLIERS**

Prompt setting of bills. Cooperation to achieve quality and efficiency. No bribery or excess hospitality accepted or given.

### **SOCIETY/COMMUNITY**

Compliance with the spirit of laws. Timely payment of all Government taxes and dues.

### **GENERAL**

The Company shall neither support any political party nor contribute funds to groups or Associations whose activities promote political interest.

### **BUSINESS PRACTICES**

#### **Environment**

i) **Pollution free environment**

The Company shall not engage in any business or production process, which does not meet the international standards of environment protection.

ii) **Drugs free environment**

The use of drugs shall be strictly banned in the premises of the Company and employment should not be given to any person apparently engaged in the trafficking of drugs or appears to be an addict of drugs.

#### **Health and safety**

Health and safety of all the staff and employees particularly and of the society in general is a great concern for the management of the Company and therefore the management of the Company shall take every measure to protect the health and safety of its employees.

### **IMPLEMENTATION**

Company Board ensures implementation of these codes, regular monitoring, review for modification / amendment where necessary.



## NOTICE OF MEETING

NOTICE is hereby given that 51<sup>st</sup> Annual General Meeting of the members of **THE CLIMAX ENGINEERING COMPANY LTD.**, will be held on Saturday, 31<sup>st</sup> day of October, 2009 at 3:00 P.M. at the Registered Office of the Company at Climaxabad, G.T. Road, Gujranwala to transact the following business :-

1. To confirm and approve the Minutes of the last Annual General Meeting.
2. To receive and adopt the audited accounts of the Company for year ended 30th June, 2009 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending June 30, 2010, and fix their remuneration. The retiring Auditors, M/s. **Qadeer & Co., Chartered Accountants**, being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

**BY Order of the Board**

**Gujranwala**  
Dated : 30-09-2009

**Mazhar-ul-Haq Siddiqui**  
Company *Secretary*

### Notes :

1. The Shares Transfer Book of the Company will remain closed from 22nd October, 2009 to October 31st 2009 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his proxy to attend the meeting. Proxies, in order to be effective, must be received at the Registered Office of the Company within office working hours, not later than 48 hours before the time of meeting and must be duly stamped, signed and witnessed.
3. Members are requested to notify the Company immediately of any change in their address to ensure prompt delivery of mail.

**STATEMENT OF COMPLIANCE WITH  
THE CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

This statement is being presented to comply with the code of corporate governance in regulation No. 37 of listing regulations of Karachi stock exchange, clause 45 (Chapter XIII) of the listing regulations of the Lahore stock exchange for the purpose of establishing a framework of corporate governance.

The Company has applied the principles contained in the code of corporate governance in the following manner:-

1. The Company encourages the representation of independent directors and non-executive directors. At present board consists of one chief executive, one non-executive director and five executive directors. However there are expectations of independent directors coming on the board in the next election of directors.
2. No director of CEC is on the board of directors of more than ten companies.
3. All the directors of the company are regular taxpayers and none of them has ever defaulted in payment of any loan to any banking company, development financial institution or non-banking financial institution. None of the directors of the company is a member of the stock exchange on which shares of the company are traded.
4. The company has prepared a statement of ethics and business practices which has been signed by all the directors and employees of the company.
5. The company has adopted a vision / mission statement and over all corporate strategy. A complete record of all the significant policies approved and adopted has been maintained.
6. All the powers of the board have been exercised by the board's especial approval of material transactions, appointment and the terms and condition of the employment of CEO, Executive Director, CFO, Company Secretary and other Executives of the Company.
7. All the meetings of the board were presided over by the chairman and the board met at least once in every quarter. Written notice of the board meetings along-with agenda and working papers were issued at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
8. The board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.





9. The Company Secretary and CFO were appointed prior to the implementation of code of corporate governance. However their appointment confirms the requirements of code of corporate governance.
10. The director's report has been prepared in compliance with the requirements of code of corporate governance and all the salient matters required to be disclosed have been spelled out properly.
11. The financial statements prepared and circulated, were duly endorsed by the CFO and CEO of the company prior to the approval from the board.
12. The Directors, CEO, and other Executives of the company do not hold any interest in the Company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting framework requirements.
14. The board has formed an audit committee comprising three directors, of whom two are non-executive directors. The committee met every quarter prior to the approval of accounts, once they met with the external auditors without CFO.
15. The board has set up an effective internal audit function headed by a whole time suitably qualified person.
16. We confirm that all the material principals laid down in the code of corporate governance are complied with.

For and on behalf of the board

**CH. M. A. QAYYUM**  
Chief Executive

## **CHIEF EXECUTIVE REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

I feel pleasure to welcome you on the 5<sup>1st</sup> Annual General Meeting of your company and to place before you the Annual Accounts for the year ended June 30, 2009 alongwith Director's Report thereon.

### **Financial Review**

The year under review has shown sales of Rs.300.511 Million as compared to Sales of Rs.220.099 Million in the previous year.

Company's before tax Loss is amounting to Rs. 22.024 Million as compared to last year's before tax Loss of Rs. 37.922 Million.

Although the sales of the Company have shown good improvement in this year but the input costs have also been increased accordingly. In addition to the above sever load-shedding of Electricity/Gas and ever increasing cost of Electricity and Gas are hampering the production as well as the profitability of the Company.

The price of essential Raw Material like Steel, Copper and Oil are still not stable and are increasing day by day but due to unhealthy competition in the market the prices of finished products are not increasing correspondingly.

WAPDA & other Government agencies issue their Purchase Orders on firm and final price basis, therefore any increase in the input cost during the execution of their contracts has to be absorded by the Company which also effect profitability of the Company.

I would like to mention that market is available in the Power Sector but unfortunately due to shortage of Electricity/Gas and closure of numbers of Textile Industry the sales of Transformers and Motors are being effected accordingly. The present political and economic condition prevailing in the country is also not very healthy and is effecting the business activities in the country.

However the management is trying very hard to improve working of the Company, but unfortunately the factors mentioned above are adversely effecting the working of the Company.

The Management has very cordial relation with the Collective Bargaining Agents and we would like to thank all the employees of the Company for their commendable contribution.

**Dated : 30-09-2009.**

**CH. M. A. QAYYUM**  
**Chief Executive**



## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company feel pleasure in submitting the Annual Report together with audited accounts of the Company for the year ended June 30, 2009.

### OPERATING RESULTS

In year 2008-2009, your company has achieved sales at Rs. 300.511 Million as compared to last year Rs. 220.099 Million. Summary of key financial results is given below:

*(Rupees in thousands)*

	<i>June 30, 2009</i>	<i>June 30, 2008</i>
<b>Sale</b>	<b>300,511</b>	<b>220,099</b>
<b>Gross Profit</b>	<b>25,902</b>	<b>8,628</b>
<b>Finance Cost</b>	<b>(11,476)</b>	<b>(9,200)</b>
<b>Loss before Taxation</b>	<b>(22,024)</b>	<b>(37,922)</b>
<b>Loss after Taxation</b>	<b>(25,146)</b>	<b>(31,727)</b>
<b>Loss per share ( In Rupees)</b>	<b>(7.59)</b>	<b>(9.58)</b>

Although Sales has increased by 36.53% from last year but cost also increased due to inflation in prices, increase in mark up rate etc. are main reasons of loss during the year.

### FUTURE PROSPECTUS

The economy is expected to perform well in the next year but certain challenges like inflation increased competition in the international market lack of technological advancement as compared to competing nations are there. It is still hoped that national economy will continue to grow and rising prosperity will bring expanding opportunities for the engineering industry and for your Company.

### DIVIDEND

Due to losses incurred by the company, directors do not recommend any dividend for the year ended 30th June, 2009.

### RELATED PARTIES

The Board of Directors has approved the policy for transaction / contract between Company and its related parties on an arm's length basis and relevant rates are to be determined as per the "comparable un-controlled price method".

### MATERIAL CHANGES

There have no material changes Since June 30, 2008 and the Company has not entered into any commitment which would effect its financial position at the date.

### **CORPORATE GOVERNANCE**

your company complies with the requirements of best practices of code of corporate governance. In compliance with the code of corporate governance following statements are given for corporate reporting framework.

- a) The financial statements being presented along with the report present fairly the state of affairs of the company, the results of its operations, cash flows & changes in equity.
- b) Proper books of accounts have been maintained by the company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure there from if any, has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Board is satisfied with 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 of the Stock Exchanges.
- h) There are no statutory payments on account of taxes, duties, levies and charges that are outstanding as on June30, 2009.

### **AUDIT COMMITTEE**

Audit committee comprises 3 Members including the Chairman. All the whom are non-executive Directors. The committee meets every quarter for review of audit reports interim and Annual financial results prior to the approval of the Board and before and after completion of external audit.

The purposes of audit committee includes:-

1. To provide Board of Directors with an independent and objective evaluation of the operations, policies & procedures.
2. To provide supplemental assistance to the internal audit department.
3. To assist Board of Directors in fulfilling their oversight responsibility relating to integrity of financial statements and financial reporting and their compliance with laws and regulation.

### **AUDITORS**

The Auditors, M/s. Qadeer & Company, Chartered Accountants, retire and being eligible have offered themselves for re-appointment. The Audit Committee has recommended the re-appointment of existing Auditors of the Company for the year 2009-2010.

### **EARNING PER SHARE.**

Basic earning per share works out to Rs. (7.59) 2008 (9.58)

### **PATTERN OF SHAREHOLDING**

The pattern of shareholding as per Section 236 of the Companies Ordinance, 1984 is attached herewith.



### **DIRECTORS MEETING:**

During the year 4 meetings of Board of Directors were held.

<b><u>Name of Directors</u></b>	<b><u>Numbers of meeting attended.</u></b>
Ch. M.A.Hameed	4
Ch. M.A.Qayyum	4
Ch. Abdul Salam	4
Ch. Imtiaz A.Hameed	4
Ch. Mehmood Ghani Faizi	4
Ch. Usman Ghani Faizi	4
Ch. Zia-ul-Hameed	4

### **OPERATING AND FINANCIAL DATA**

The key operating and financial data from 2004 to 2009 is given below :

*(Rupees in thousand)*

<b>Particulars</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Sales	<b>300,511</b>	220,099	231,360	217,991	245,487	185,830
Cost of Goods Sold	<b>(274,609)</b>	(211,471)	(218,238)	(203,996)	(228,850)	(168,191)
Gross Profit	<b>25,902</b>	8,628	13,122	13,995	16,637	17,639
Operating Profit / (Loss)	<b>(11,841)</b>	(29,948)	(25,954)	(26,692)	(17,256)	14,136
Financial Charges	<b>(11,476)</b>	(9,200)	(6,954)	(873)	(819)	(1,854)
Profit / (Loss) before Tax	<b>(22,024)</b>	(37,922)	14,291	8,942	1,259	11,389
Profit / (Loss) after Tax	<b>(25,146)</b>	(37,727)	26,706	20,721	(20,500)	53,693
Paid up Capital	<b>33,120</b>	33,120	33,120	33,120	33,120	33,120

### **ACKNOWLEDGMENT**

We would like to take this opportunity to express our appreciation to the management and employees of the Company for their hard work and dedication. We also express our gratitude to our valued customers.

**For and on behalf of the Board**

**Dated: 30-09-2009**

**Director**

**PATTERN OF HOLDING OF SHARES  
AS ON JUNE 30, 2009.**

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
635	000001	1000	144830
72	001001	5000	173890
16	005001	10000	116610
31	010001	50000	688930
15	050001	100000	1107570
6	100001	150000	704260
1	150001	200000	155100
1	200001	300000	220810
777			3312000

Categories of shareholders	No.	Share Held	Percentage
Individuals	762	2,820,560	85.162
Investment Companies	1	30,110	0.909
Joint Stock Companies	4	120,890	3.650
Financial Institution	2	86,850	2.622
Associated Companies	2	89,640	2.707
Insurance Companies	6	163,950	4.950
	777	3,312,000	100.000



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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009 prepared by the Board of Directors of **The Climax Engineering Company Limited** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The reasonability for the compliance with the Code of Corporate Governance 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 of Corporate Governance 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 system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.

**Lahore**  
Dated: 30 September, 2009

**QADEER AND COMPANY**  
Chartered Accountants  
Nawaz Khan

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of The Climax Engineering Company Limited ('the company') as at June 30, 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 the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, cash flow and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XIII of 1980).

**Lahore**  
Dated: 30 September, 2009

**QADEER AND COMPANY**  
Chartered Accountants  
Nawaz Khan





**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2009**

	NOTE	(Rupees in thousand)	
		2009	2008
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 5,000,000 (2008: 5,000,000) ordinary shares of Rs.10/- each		50,000	50,000
Issued, subscribed and paid up capital	6	33,120	33,120
ACCUMULATED PROFIT/(LOSS)		70,875	87,946
SHAREHOLDERS' EQUITY		103,995	121,066
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	295,858	303,933
<b>NON-CURRENT LIABILITIES</b>			
Liability against assets subject to finance lease	8	442	821
Due to related parties	9	52,622	52,459
Deferred liabilities	10	24,421	18,576
		77,485	71,856
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	197,757	176,787
Accrued markup and interest	12	2,519	2,086
Short term finance - secured	13	59,091	58,431
Current maturity of liability against assets subject to finance lease	8	437	350
Provision for taxation	14	-	1,100
Unclaimed Dividend	15	14	14
		259,818	238,768
<b>CONTINGENCIES AND COMMITMENTS</b>	16	-	-
		737,156	735,623

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

CHIEF EXECUTIVE

DIRECTOR

**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2009**

<b>ASSETS</b>	<b>NOTE</b>	(Rupees in thousand)	
		<b>2009</b>	<b>2008</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	346,755	360,420
Long term security deposits	18	613	613
		347,368	361,033
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	19	1,638	1,942
Stock in trade	20	230,279	250,946
Trade debts	21	89,442	58,517
Due from related parties	22	656	649
Loans and advances - unsecured	23	18,975	22,576
Trade deposits and short term prepayments	24	543	1,528
Other receivables	25	35,953	31,672
Cash and bank balances	26	12,302	6,760
		389,788	374,590
		737,156	735,623

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

**CHIEF EXECUTIVE**

**DIRECTOR**



**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

		(Rupees in thousand)	
	NOTE	2009	2008
<b>SALES</b>	27	300,511	220,099
<b>COST OF SALES</b>	28	<u>(274,609)</u>	<u>(211,471)</u>
<b>GROSS PROFIT</b>		25,902	8,628
<b>OPERATING EXPENSES</b>			
Distribution and selling cost	29	<u>(14,735)</u>	<u>(11,854)</u>
Administrative and general expenses	30	<u>(20,414)</u>	<u>(24,999)</u>
Liquidated damages	31	<u>(2,594)</u>	<u>(1,723)</u>
		<u>(37,743)</u>	<u>(38,576)</u>
<b>OPERATING LOSS</b>		(11,841)	(29,948)
<b>OTHER OPERATING INCOME</b>	32	<u>1,293</u>	<u>1,226</u>
		(10,548)	(28,722)
<b>FINANCE COST</b>	33	<u>(11,476)</u>	<u>(9,200)</u>
<b>LOSS BEFORE TAXATION</b>		(22,024)	(37,922)
<b>TAXATION</b>	34	(3,122)	6,195
<b>LOSS AFTER TAXATION</b>		<u>(25,146)</u>	<u>(31,727)</u>
<b>LOSS PER SHARE (IN RUPEES)</b>	35	<u>(7.59)</u>	<u>(9.58)</u>

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

CHIEF EXECUTIVE

DIRECTOR

**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	NOTE	(Rupees in thousand)	
		2009	2008
<b>Cash Flow from operating activities:</b>			
Cash generated from/(used in) operations	38	18,740	27,865
Finance cost paid		(11,043)	(9,303)
Tax paid		(1,155)	(1,674)
Gratuity paid during the year		(1,436)	(1,490)
Net cash inflow/(outflow) from operating activities		5,106	15,398
<b>Cash flow from investing activities:</b>			
Long term security deposit		-	(266)
Fixed capital expenditure		(95)	(228)
Proceeds from sale of property, plant and equipment		-	580
Net cash inflow/(outflow) from investing activities		(95)	86
<b>Cash flow from financing activities:</b>			
Increase/(decrease) in due to related parties		163	(8,556)
Payment of finance lease liability		(292)	(157)
Net cash inflow/(outflow) from financing activities		(129)	(8,713)
Net increase/(decrease) in cash and cash equivalents		4,882	6,771
Cash and cash equivalents at the beginning of the year		(51,671)	(58,442)
Cash and cash equivalents at the end of the year	A	<u>(46,789)</u>	<u>(51,671)</u>
<b>A Cash and cash equivalents</b>			
Cash and bank balances	26	12,302	6,760
Short term finances	13	(59,091)	(58,431)
		<u>(46,789)</u>	<u>(51,671)</u>

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

CHIEF EXECUTIVE

DIRECTOR



**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2009**

(Rupees in thousands)

	Share capital	Accumulated (loss)/ Profit	Total
As at July 01, 2007	33,120	105,891	139,011
Profit/(loss) for the year	-	(31,727)	(31,727)
Incremental depreciation on revalued assets	-	13,782	13,782
As at June 30, 2008	33,120	87,946	121,066
As at July 01, 2008	33,120	87,946	121,066
Profit/(loss) for the year	-	(25,146)	(25,146)
Incremental depreciation on revalued assets-net of deferred tax	-	8,075	8,075
<b>As at June 30, 2009</b>	<b>33,120</b>	<b>70,875</b>	<b>103,995</b>

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

CHIEF EXECUTIVE

DIRECTOR

**THE CLIMAX ENGINEERING COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**1 THE COMPANY AND ITS OPERATIONS**

The Climax Engineering Company Limited ('the company'), which was established in 1940 as a partnership concern, was incorporated on May 02, 1958 under the Companies Act, 1913, (now the Companies Ordinance, 1984) as a Private Limited Company. It was converted into Public Limited Company in June, 1970. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacturing and sale of electric capital goods.

**2 STATEMENT OF COMPLIANCE**

**2.01** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

**2.02 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

**2.021** The following standards, amendments and interpretations of approved accounting standards effective for accounting periods beginning from the dates specified below are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in certain cases:

**2.022** IFRS 2 (amendment) 'Share-based payments' (relating to Vesting Conditions and Cancellations will be effective for annual periods beginning on or after 01 January 2009).

**2.023** IFRS 2 (amendment) 'Share-based payments' (relating to Group Cash-settled Share based Payment Transaction will be effective for annual periods beginning on or after 01 January 2010).

**2.024** IFRS 3 (amendment) 'Business Combinations' and consequential amendments to IAS 27- Consolidated and separate financial statement, IAS 28 - Investment in associate and IAS 31 - Interest in Joint Venture. (effective prospectively to business combinations for which the acquisition date is on or after beginning of the 1st annual reporting period beginning on or after 01 July 2009).

**2.025** IFRS 4 'Insurance Contracts' (effective for annual periods beginning on or after 01 January 2009).

**2.026** IFRS 7 'Presentation and Disclosure of Financial Instruments' (effective for annual periods beginning on or after 01 January 2009).

**2.027** IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 01 July 2009).

**2.028** IAS 1 'Presentation of Financial Statements - Amendments relating to Capital Disclosures' (effective for annual periods beginning on or after 01 January 2009).

**2.029** IAS 23 'Borrowing Costs' (effective in case of borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 01 January 2009).



- 2.030 IAS 27 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2009).
- 2.031 IAS 32 (amendment) 'Financial instruments' Presentation and consequential amendment to IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 01 January 2009). IAS 32 amended classification of puttable financial instruments.
- 2.032 IAS 39 'Financial Instruments: Recognition and Measurement' (relating to Eligible Hedged Items effective for annual periods beginning on or after 01 July 2009).
- 2.033 IAS 39 'Financial Instruments: Recognition and Measurement' IFRIC 9 (relating to Embedded Derivatives effective for annual periods beginning on or after 01 January 2009).
- 2.034 IFRIC 15 'Agreement for the Construction of Real Estate ' ( effective for annual periods beginning on or after 01 October 2009).
- 2.035 IFRIC 16 'Hedge of Net Investment in a Foreign Operation' ( effective for annual periods beginning on or after 01 October 2008).
- 2.036 IFRIC 17 'Distributions of Non-cash Assets to Owners' (effective for annual periods beginning on or after 01 July 2009).
- 2.037 IFRIC 18 'Transfers of Assets from Customers' (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).

### 3 BASIS OF PREPARATION

These financial statements have been prepared under historical cost convention except for recognition of staff retirement benefits at present value and certain fixed assets mentioned in note 7 which are carried at revalued amounts.

### 4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees which is company's functional currency.

### 5 SIGNIFICANT ACCOUNTING POLICIES

#### 5.01 Surplus on revaluation of fixed assets

Incremental depreciation arising out of the revaluation of fixed assets has been charged to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS-16 (Property, Plant and Equipment) as allowed through amended Section 235 of the Companies Ordinance, 1984. An equivalent amount of surplus on revaluation of fixed assets representing accumulated incremental depreciation for the current year net of deferred tax has been transferred to retained earnings through statement of changes in equity during the current year.

#### 5.02 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in income currently.

#### 5.03 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all permanent employees eligible for the benefit. Provision is made annually to cover obligation under the scheme. The most recent actuarial valuation of the scheme was carried out as at June 30, 2009. The actuary used the ' Projected Unit Credit (PUC) Actuarial Cost Method relying on the following significant assumptions:

	2009	2008
Discount rate	12%	12%
Annual incremental rate	11%	11%
Average remaining working life time of employee	8 Years	8 Years

**5.04 Tangible fixed assets and depreciation**

a) Owned

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost in relation to certain property, plant and equipment signifies historical cost, applicable exchange differences on foreign currency loans and directly attributable cost of bringing the asset to working condition. Borrowing cost pertaining to the construction/ erection period is also capitalized as part of historical cost. Freehold land is stated at cost.

Residual value and the useful life of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that cost of the item can be measured reliably. All other repair and maintenance cost are charged to profit and loss account during the year in which they are incurred.

b) Assets Subject to Finance Lease

These are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of assets acquired on lease. Aggregate amount of obligation relating to assets subject to finance lease is accounted for at net present value of liabilities. Assets so acquired are depreciated over their respective useful life of the assets on reducing balance method using the same rate as of owned assets. Depreciation of leased assets is charged to current year's income.

c) Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost/depreciable amount of the assets over their estimated useful lives at the rates specified in note 17. The company charges the depreciation on additions from the date when the asset is available for use and on deletion up to the date when the asset is derecognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

d) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

**5.05 Taxation**

a) 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, if any, under the provision of Income Tax Ordinance, 2001.

b) Deferred

The company accounts for deferred taxation, using the liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. Accordingly deferred tax liability is recognized and is reduced by the deferred tax asset expected to be realized in due course of time.





#### **5.06 Stock-in-trade**

The stock is valued at lower of cost and estimated net realizable value. The cost of finished goods includes materials at average cost, direct labor and proportionate production overheads.

The cost of work-in-process includes material at average cost, direct labor and appropriate manufacturing overheads depending upon the stage of completion.

Cost of materials and components is determined on the basis of first-in-first out while items considered obsolete are carried at Nil value.

Net realizable value signifies the estimated selling price in the ordinary course of business less net of estimated cost of completion and selling expenses.

#### **5.07 Revenue recognition**

Sales are recorded on dispatch of goods. Price adjustments, if any, on supplies to WAPDA are recognized and included in the sales for the year in which such adjustments are sanctioned by the WAPDA.

#### **5.08 Trade debts**

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

#### **5.09 Trade and other payables**

Liabilities for trade and other 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.

#### **5.10 Provisions**

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

#### **5.11 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash at banks in current account and deposits accounts and short term finances readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

#### **5.12 Related party transactions and transfer pricing**

Transactions and contracts with related parties are carried out at an arm's length price determined in accordance with comparable uncontrolled price method.

#### **5.13 Financial Instruments**

All the financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset. Financial liabilities are de-recognized when they are extinguished (when the obligation is discharged, cancelled, or expired).

**5.14 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.15 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses . If any such indication exists, the recoverable amount of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment loss is restricted to the original cost of asset.

**5.16 Borrowing cost**

All the borrowing cost are recognized as an expense in the period in which these are incurred.

**5.17 Significant and accounting judgments and estimates**

The preparation of financial statements in conformity with approved accounting standards required the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually(at least at each financial year end) 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 the accounting estimates are recognized in the period in the estimate is recognized and in any future periods effected. In the process of applying the accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- Recognition of taxation and deferred taxation.
- Determination of the residual values and useful lives of property, plant and equipment.
- Adjustment of inventories to their Net Realizable Value.
- Provision for doubtful debts and bills payable.
- Estimation of liability in respect of staff retirement benefits.

**5.18 Contingencies and commitments**

Capital commitments and contingencies, unless those are actual liabilities are not incorporated in the financial statements.

		(Rupees in thousand)	
		2009	2008
<b>6</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
	34,420 (2008: 34,420) ordinary shares of Rs. 10/- each fully paid in cash	344	344
	72,260 (2008: 72,260) ordinary shares of Rs. 10/- each issued for consideration other than cash	723	723
	3,205,320 (2008: 3,205,320) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	32,053	32,053
		33,120	33,120



7	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	(Rupees in thousand)	
		2009	2008
	Freehold land	220,715	220,715
	Factory building	37,908	42,120
	Office building	7,585	7,984
	Residential quarters	1,953	2,170
	Plant and machinery	80,582	89,536
		<u>348,743</u>	<u>362,525</u>
	Less: Related deferred taxation:		
	- on revaluation as on 01 July	44,810	49,634
	- on incremental depreciation	(4,348)	(4,824)
		<u>40,462</u>	<u>44,810</u>
		<u>308,281</u>	<u>317,715</u>
	Less: Incremental depreciation on revalued assets		
	- net of deferred tax	8,075	8,958
	- related deferred tax	4,348	4,824
		<u>12,423</u>	<u>13,782</u>
		<u>295,858</u>	<u>303,933</u>

The surplus on revaluation of fixed assets represents surplus resulting from the revaluation of freehold land, buildings on freehold land and plant and machinery carried out on June 27, 2003 by M/s. Iqbal A. Nanjee & Co., and subsequently on July 11, 2006 by F.K.S Building Services, an independent valuer consultants and surveyors on the basis of market, replacement and current values respectively.

#### 8 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

Due within one year	513	476
Due after one year but not later than five years	183	622
	<u>696</u>	<u>1,098</u>
Add: Security deposit	266	266
	<u>962</u>	<u>1,364</u>
Less: Financial charges not currently due	83	193
Present value of minimum lease payments	<u>879</u>	<u>1,171</u>
Less: Current Maturity		
- Over due installment	58	25
- Current portion	379	325
	<u>437</u>	<u>350</u>
	<u>442</u>	<u>821</u>

#### 8.01 Reconciliation between total of minimum lease payments and their present value is as under:

Gross minimum lease payments:		
- Due within one year	513	476
- Due after one year but not later than five year	183	622
	<u>696</u>	<u>1,098</u>
Present value of minimum lease payments:		
- Due within one year	437	350
- Due after one year but not later than five year	442	821
	<u>879</u>	<u>1,171</u>

**8.02** The company entered into a lease agreement with a leasing company for lease of vehicle. The rentals under this lease agreement are payable in 36 monthly installments up to 30 November 2010. This facility is subject to mark up at the rate approximately 15.50% per annum used as discount factor. The cost of operating and maintaining the leased vehicle is borne by the company. The company intends to exercise its option to purchase the leased vehicle at the residual value of vehicle upon the completion of the respective lease period.

		(Rupees in thousand)	
	<b>NOTE</b>	<b>2009</b>	<b>2008</b>
<b>9 DUE TO RELATED PARTIES</b>	9.01	<u>52,622</u>	<u>52,459</u>

**9.01** This loan has been obtained from spouses and close family members of directors. It is unsecured, interest free and not payable within next twelve months.

**10 DEFERRED LIABILITIES**

Staff retirement benefits	10.01	21,299	18,576
Deferred taxation	10.02	3,122	-
		<u>24,421</u>	<u>18,576</u>

**10.01 Staff retirement benefits**

10.011 Movement during the year in the net liability recognized in the financial statements is as under:

Opening liability	18,576	16,585
Current service cost	1,927	1,823
Mark up cost for the year	2,232	1,658
Actuarial (Gains) / Losses Charge	-	-
Charge for the year	4,159	3,481
	<u>22,735</u>	<u>20,066</u>
Less: Paid during the year	1,436	1,490
	<u>21,299</u>	<u>18,576</u>

10.012 The amount recognized in balance sheet is as follows:

Present value of defined benefit obligation	18,576	18,604
Add: Payables	-	-
Add: Unrecognized actuarial gains	(3,455)	(28)
Total balance sheet liability	<u>15,121</u>	<u>18,576</u>

10.013 Expense recognized in the profit and loss account is:

Current service cost	1,927	1,823
Interest cost	2,232	1,658
Actuarial (Gains) / Losses Charge	-	-
	<u>4,159</u>	<u>3,481</u>

10.014 Historical information for gratuity:

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
	(Rupees in thousand)				
Present value of defined benefit obligation	<u>24,754</u>	<u>18,604</u>	<u>16,574</u>	<u>12,349</u>	<u>-</u>
Experience adjustment arising on plan liabilities	<u>-</u>	<u>39</u>	<u>2,194</u>	<u>(2,327)</u>	<u>-</u>



	NOTE	2009	2008
		(Rupees in thousand)	
<b>10.02 Deferred Taxation</b>			
Deferred tax Credit/(Debit) arising in respect of temporary taxable differences due to:			
Accelerated tax depreciation		1,668	1,858
Obligation under finance lease		(308)	-
Staff retirement benefits		(7,455)	-
Surplus on revaluation of fixed assets		40,462	44,810
Assessed losses to the extent of available taxable temporary differences		(31,245)	(46,668)
		<u>3,122</u>	<u>-</u>
10.021	Unused tax losses created deferred tax asset amounting to Rs. 120 thousand. However deferred tax asset has only been recognized to the extent of available taxable temporary differences. Detail of deferred tax on available taxable temporary differences is as follows:		
Accelerated tax depreciation		1,668	1,858
Surplus on revaluation of fixed assets		-	44,810
		<u>1,668</u>	<u>46,668</u>
<b>11 TRADE AND OTHER PAYABLES</b>			
Trade creditors		2,022	2,072
Accrued liabilities		5,462	5,327
Bills payable-Local	11.01	60,866	57,548
Due to Directors	11.02	26,431	20,130
Due to related parties	11.03	5,685	5,567
Advances against sale of land		14,648	14,529
Workers' profit participation fund payable	11.04	-	1,442
Advances from customers		80,548	67,799
Sales tax Payable		638	707
Others	11.05	1,457	1,666
		<u>197,757</u>	<u>176,787</u>
<b>11.01 Bills payable - local</b>			
Bills payable		61,871	58,410
Add: Bill payable write back		21	-
Less: Bills payable written off		(1,026)	(862)
		<u>60,866</u>	<u>57,548</u>
<b>11.02 Due to Directors</b>			
The loan is unsecured and interest free.			
<b>11.03 Due to Related Parties</b>			
Hamid Imtiaz (Private) Limited.		1,933	1,968
National Products (Private) Limited.		3,714	3,561
Faizi Industries (Private) Limited.		3	3
FICO (Private) Limited.		35	35
		<u>5,685</u>	<u>5,567</u>
These relates to normal business transactions of the Company.			
<b>11.04 Workers' profit participation fund payable</b>			
Opening balance		1,442	1,282
Provision made for the year		-	-
Interest		-	160
		-	160
		<u>1,442</u>	<u>1,442</u>
Less: payment made during the year		1,442	-
		<u>-</u>	<u>1,442</u>

		<b>2009</b>	<b>2008</b>
		(Rupees in thousand)	
<b>11.05</b>	Other liabilities		
	Employees group insurance claim	10	535
	Income tax - deducted at source	842	690
	Canteen expense payable	62	27
	Excise duty payable	456	327
	Unpaid salaries and wages	87	87
		<u>1,457</u>	<u>1,666</u>
<b>12</b>	<b>ACCRUED MARKUP AND INTEREST</b>		
	<i>Markup/interest on:</i>		
	Short term borrowings	<u>2,519</u>	<u>2,086</u>
<b>13</b>	<b>SHORT-TERM FINANCE SECURED</b>		
		<b>Limit</b>	
		<b>(Rupees</b>	
	<i>From Banking Company</i>	<b>in Million)</b>	
	Running Finance	60.00	<b>13.01</b>
		<u>59,091</u>	<u>58,431</u>
<b>13.01</b>	This facility has been obtained from NIB Bank Limited to meet the working capital requirements. It carries mark up at the rate of 3 months KIBOR Ask rate plus 4% with floor of 14% p.a. It is secured against first hypothecation charge of Rs. 100 M on stocks, receivables and Plant & Machinery registered with SECP; first charge/ Equitable mortgage charge of Rs 100.00 million on factory (Land, building and machinery) measuring 56.35 Kanals situated at Climaxabad, G.T Road, Gujranwala owned by the Company; and personal guarantees of all Guarantors/directors. It is repayable through cash generation from business operations. The expiry date of this facility is July 31, 2009.		
<b>14</b>	<b>TAXATION</b>		
	Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.		
<b>15</b>	<b>DIVIDEND</b>		
	Unclaimed	<u>14</u>	<u>14</u>
<b>16</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
a)	Guarantees		
	Letter of guarantee issued in the favour of Queta Electric Supply Company Limited, Peshawar; Electric Supply Company Limited, Lahore; Electric Supply Company Limited, Islamabad; Electricity Supply Company Limited, Gujranwala; Electricity Power Company Limited and Pakistan Oil Field Limited amounting to Rs. 4.337 million (2008: Rs. 6.698 million).		
b)	Custom Duty amounting to Rs. 29.362 million for the year 1999 is disputed and case is pending in the honorable Court. No decision has yet been made by the honorable Court. The management of the Company is hopeful to get the decision made in favor of the Company.		
c)	There are no other significant contingencies and commitments as at balance sheet date.		



**17 PROPERTY, PLANT AND EQUIPMENT**

(Rupees in thousands)

Particulars	C O S T / R E V A L U E D				Rate %	D E P R E C I A T I O N				Written down value as at June 30, 2009
	As at July 01, 2008	Additions/ (Deletions)	Revaluations	As at June 30, 2009		As at July 01, 2008	Adjustment	For the year	As at June 30, 2009	
<b>Owned:</b>										
Land-freehold	221,233	-	-	221,233	00	-	-	-	-	221,233
Building on freehold land										
Factory building	49,507	-	-	49,507	10	9,407	-	4,010	13,417	36,090
Office building	9,725	-	-	9,725	05	1,483	-	412	1,895	7,830
Residential quarters	3,559	-	-	3,559	10	1,458	-	210	1,668	1,891
Warehouse building	214	-	-	214	05	156	-	3	159	55
Plant and machinery	105,872	-	-	105,872	10	20,102	-	8,577	28,679	77,193
Furniture and fixture	1,133	8	-	1,141	10	1,037	-	10	1,047	94
Office equipment	4,328	87	-	4,415	15	3,572	-	126	3,698	717
Air conditioners	778	-	-	778	20	773	-	1	774	4
Vehicles	8,755	-	-	8,755	20	7,758	-	199	7,957	798
<b>Leased:</b>										
Vehicles	1,328	-	-	1,328	20	266	-	212	478	850
<b>Rupees 2009</b>	<b>406,432</b>	<b>95</b>	<b>-</b>	<b>406,527</b>		<b>46,012</b>	<b>-</b>	<b>13,760</b>	<b>59,772</b>	<b>346,755</b>
<b>Rupees 2008</b>	<b>406,859</b>	<b>1,556 (1,983)</b>	<b>-</b>	<b>406,432</b>		<b>32,262</b>	<b>(1,567)</b>	<b>15,317</b>	<b>46,012</b>	<b>360,420</b>

(Rupees in thousands)

**2009**                      **2008**

**17.01** Depreciation for the year has been allocated as under:

Cost of sales	12,587	13,986
Administrative expenses	1,173	1,331
	<u>13,760</u>	<u>15,317</u>

**17.02** Had the assets not been revalued the carrying values would have been

Land-Freehold	850	850
Building on free hold land:		
Factory building	1,938	2,153
Office building	130	137
Residential quarters	133	150
Plant and machinery	4,669	5,188
	<u>7,720</u>	<u>8,478</u>

**17.03** Disposal of fixed assets

(Rupees in thousand)

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of purchasers
<b>Rupees 2009</b>	-	-	-	-	-		
<b>Rupees 2008</b>	<b>1,983</b>	<b>1,567</b>	<b>416</b>	<b>580</b>	<b>164</b>		

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		(Rupees in thousand)	
	NOTE	2009	2008
<b>18</b>	<b>LONG TERM SECURITY DEPOSITS</b>		
	Statutory authorities	223	223
	Office building	64	64
	Leased asset	266	266
	Telephone and others	60	60
		613	613
<b>19</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
	Stores	1,266	1,266
	Spare parts	372	676
		1,638	1,942
<b>20</b>	<b>STOCK-IN-TRADE</b>		
	Raw material and components	17,851	25,233
	Finished goods	48,738	41,946
	Work in process	163,666	183,763
	Packing materials	24	4
		230,279	250,946
	<b>20.01</b> No stock in trade has been pledged with any institution / party.		
<b>21</b>	<b>TRADE DEBTS-UNSECURED</b>		
	- Considered good	89,442	58,517
	- Considered doubtful	1,025	4,099
		90,467	62,616
	Less: Provision for doubtful debts	(1,025)	(4,099)
		89,442	58,517
<b>22</b>	<b>DUE FROM RELATED PARTIES</b>		
	Due from related parties	656	649
	The balance is due from related parties and is unsecured. Related parties comprise of "Majid Munir (Pvt.) Limited, Faizi Brothers and Climax Foundation" the associated concerns of the company.		
<b>23</b>	<b>LOANS AND ADVANCES-UNSECURED</b>		
	Advances to suppliers	18,185	21,843
	Amount due from employees	790	733
		18,975	22,576
<b>24</b>	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS- CONSIDERED GOOD</b>		
	Letters of guarantee-margin deposits	428	1,402
	Prepayments	115	126
		543	1,528





25 OTHER RECEIVABLES	NOTE	2009	2008
		(Rupees in thousand)	
Balances with statutory authorities			
- sales tax refundable		23,940	19,714
- custom duty		6,059	6,059
Advance income tax		5,949	5,894
Others		5	5
		<u>35,953</u>	<u>31,672</u>
<b>26 CASH AND BANK BALANCES</b>			
Cash in hand		407	301
Cash at bank			
- In current accounts		11,895	6,459
		<u>12,302</u>	<u>6,760</u>
<b>27 SALES - NET</b>			
Sales - Net of sale tax	27.01	300,882	220,200
Less: Commission		371	101
		<u>300,511</u>	<u>220,099</u>
<b>27.01</b>	Sales are net off sales tax amounting Rs 4,930 thousand (2008: Rs. 6,042 Thousand).		
<b>28 COST OF SALES</b>			
Raw material consumed	28.01	212,851	174,151
Salaries, wages and other benefits	28.02	28,678	27,151
Fuel and power		6,752	6,477
Repair and maintenance		18	54
Insurance		418	506
Depreciation	17.01	12,587	13,986
		<u>261,304</u>	<u>222,325</u>
Work-in-process			
Opening		183,763	157,162
Closing		(163,666)	(183,763)
		<u>20,097</u>	<u>(26,601)</u>
<b>COST OF GOODS MANUFACTURED</b>		<u>281,401</u>	<u>195,724</u>
Finished goods			
Opening		41,946	57,693
Closing		(48,738)	(41,946)
		<u>(6,792)</u>	<u>15,747</u>
		<u>274,609</u>	<u>211,471</u>
<b>28.01</b>	Raw material consumed		
	Opening stock	27,175	38,634
	Material purchased	205,165	162,692
		<u>232,340</u>	<u>201,326</u>
	Closing stock	(19,489)	(27,175)
		<u>212,851</u>	<u>174,151</u>
<b>28.02</b>	Salaries wages and other benefits include provision for gratuity for the year Rs. 3,338 thousand (2008: Rs. 2,785 thousand).		

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	NOTE	2009	2008
		(Rupees in thousand)	
<b>29 DISTRIBUTION AND SELLING COST</b>			
Packing and forwarding		1,561	1,251
Advertisement		325	260
Transformer testing fee		12,464	9,755
Others		385	588
		14,735	11,854
<b>30 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Directors' remuneration and fee		1,792	1,759
Salaries, wages and other benefits	30.01	7,423	6,669
Vehicle running and maintenance		3,468	4,608
Traveling and entertainment		1,482	1,913
Rent, rates and taxes		668	653
Postage, telegram and telephone		1,099	1,094
Repair and maintenance - building		-	735
Printing and stationery		322	303
Auditors' remuneration	30.02	205	205
Fee and subscription		-	17
Donations	30.03	88	45
Legal and professional charges		489	586
Depreciation	17.01	1,173	1,331
Provision for doubtful debts		1,025	4,099
Others		1,180	982
		20,414	24,999
<b>30.01</b>	Salaries wages and other benefits include provision for gratuity for the year Rs.821 thousand (2008: Rs. 696 thousand).		
<b>30.02</b>	Auditors' remuneration		
	Audit fee	150	150
	Half yearly review	30	30
	Reimbursable expenses	25	25
		205	205
<b>30.03</b>	Donations		
	No directors or their spouses had any interest in the donee's funds.		
<b>31 LIQUIDATED DAMAGES</b>		2,594	1,723
	This represents liquidated damages imposed by WAPDA on late deliveries of transformers.		
<b>32 OTHER OPERATING INCOME</b>			
	<b>Income from financial assets</b>		
	Bills payables written off/(written back)	1,005	862
		1,005	862
	<b>Income from non-financial assets</b>		
	Sale of scrap	132	198
	Rental income	1	2
	Gain on sale of fixed assets	-	164
	Miscellaneous receipts	155	-
		288	364
		1,293	1,226



33	FINANCE COST	NOTE	2009 (Rupees in thousand)	2008
	Lease financial charges		110	63
	Workers' profit participation fund		-	160
	Short term borrowings - secured		11,083	8,568
	Bank charges		283	409
			<u>11,476</u>	<u>9,200</u>
34	TAXATION			
	Current		-	(1,100)
	Deferred	10.02	(3,122)	7,295
			<u>(3,122)</u>	<u>6,195</u>
-	No numeric tax reconciliation has been given as the company is not liable to pay tax due to assessed losses under the provisions of Income Tax Ordinance, 2001.			
-	Income tax return has been filed to the income tax authorities up to tax year 2008 under the provisions of the Income Tax Ordinance, 2001.			
35	EARNINGS/(LOSS) PER SHARE			
	35.01 Basic Earnings/(Loss) per share			
	Net Profit/(Loss) after tax		<u>(25,146)</u>	<u>(31,727)</u>
	Average ordinary shares	Number ('000)	<u>3,312</u>	<u>3,312</u>
	Earnings/(Loss) per share - basic	Rupees	<u>(7.59)</u>	<u>(9.58)</u>

#### 35.02 Diluted Earnings/(Loss) per share

There is no dilution effect on the basic earnings/(loss) per share of the company because the company has no such commitments.

### 36 FINANCIAL ASSETS AND LIABILITIES

#### 36.01 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors.

##### (a) Market risk

###### (i) Currency risk

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

The Company manages its currency risk by close monitoring of currency markets. However, the Company does not hedge its currency risk exposure.

During the year under report, the company did not enter into foreign currency transactions.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

At the reporting date, the interest rate profile of the company's significant interest bearing financial instruments was as follows:

	2009 Effective rate (In percent)	2008 Effective rate (In percent)	2009 Rupees ('000) Carrying amount	2008 Rupees ('000) Carrying amount
<b>Financial liabilities</b>				
Short term borrowings	17.24 to 20.03	17.15 to 17.74	59,091	58,431

**Fair value sensitivity analysis for fixed rate instruments:**

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account.

**Cash flow sensitivity analysis for variable rate instruments:**

A change of 1% in interest rates at the reporting date would have decreased / (increased) loss for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remains constants. This analysis is performed on the same basis for 2008.

	Profit and loss 1% rate Increase	Decrease
<b>As at June 30, 2009</b>		
Cash flow sensitivity - variable rate financial liabilities	(561)	561
<b>As at June 30, 2008</b>		
Cash flow sensitivity - variable rate financial liabilities	(555)	555

(iii) **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as it has no investment.

(b) **Credit risk**

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge an obligation.

Credit risk arises from deposits with banks, trade debts, loans and advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs.104,236 thousand (2008: Rs.68,679 thousand), the financial assets exposed to credit risk amount to Rs.103,829 thousand (2008: Rs. 68,378 thousand).

Geographically, there is no concentration of credit risk.



The maximum exposure to credit risk for loans and receivables at the reporting date by type of goods are:

	2009	2008
	(Rupees in thousand)	
Transformers	83,619	52,067
Fans	5,148	5,758
Motors	627	644
Others	48	48
	<u>89,442</u>	<u>58,517</u>

The aging of loans and receivables at the reporting date was:

	2009	2008
Past due 0-6 months	26,397	17,268
Past due 6-12 months	17,598	11,512
More than one year	45,447	29,737
	<u>89,442</u>	<u>58,517</u>

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2009	2008
	(Rupees in thousand)	
Long term deposits	613	613
Trade debts	89,442	58,517
Due from related parties	656	649
Loans and advances	790	733
Trade deposits	428	1,402
Other receivables	5	5
Bank balances	11,895	6,459
	<u>103,829</u>	<u>68,378</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history, however, no losses. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank Name	Rating agency	Rating	
		Short term	Long term
National Bank of Pakistan	JCR-VIS	A1+	AAA
Standard Chartered Bank	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A1+	AA+
Bank Al-Falah Limited	PACRA	A1+	AA
Allied Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AA+
The Bank of Punjab	PACRA	A1+	AA-
Habib Bank Limited	JCR-VIS	A1+	AA+
Silk Bank	JCR-VIS	A3	A-

The movement in the allowance for impairment in respect of trade receivables is as follows:

	2009	2008
	(Rupees in thousand)	
Opening balance	-	-
Provision during the year	1,025	4,099
Written off	(1,025)	(4,099)
Closing balance	<u>-</u>	<u>-</u>

**(c) Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to growing nature of the businesses the Company maintains flexibility in funding by maintaining committed credit lines available.

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

RUPEES - 2009 (In thousand)						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>						
Long-term security deposit	-	-	-	613	613	613
Trade debts	-	-	89,442	-	89,442	89,442
Due from related parties	-	-	656	-	656	656
Loans and advances	-	-	790	-	790	790
Trade deposits and short term prepayments	-	-	428	-	428	428
Other receivables	-	-	5	-	5	5
Cash and bank balances	-	-	12,302	-	12,302	12,302
			103,623	613	104,236	104,236

RUPEES - 2009 (In thousand)						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL LIABILITIES</b>						
Liability against assets subject to finance lease	437	442	879	-	-	879
Due to related parties	-	-	-	52,622	52,622	52,622
Short term borrowings	59,091	-	59,091	-	-	59,091
Trade and other payables	-	-	197,119	-	197,119	197,119
Accrued markup on short term finances	2,519	-	2,519	-	-	2,519
Unclaimed dividend	-	-	14	-	14	14
	62,047	442	62,489	197,133	52,622	249,755
<b>Net Liquidity</b>	(62,047)	(442)	(62,489)	(93,510)	(52,009)	(145,519)

RUPEES - 2008 (In thousand)						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>						
Long-term security deposit	-	-	-	613	613	613
Trade debts	-	-	58,517	-	58,517	58,517
Due from related parties	-	-	649	-	649	649
Loans and advances	-	-	733	-	733	733
Trade deposits and short term prepayments	-	-	1,402	-	1,402	1,402
Other receivables	-	-	5	-	5	5
Cash and bank balances	-	-	6,760	-	6,760	6,760
			68,066	613	68,679	68,679



RUPEES - 2008 (In thousand)						
Interest/ mark up bearing			Non interest bearing			Total
Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL LIABILITIES</b>						
Liability against assets subject to						
finance lease	350	821	1,171	-	-	1,171
Due to related parties	-	-	-	-	52,459	52,459
Short term borrowings	58,431	-	58,431	-	-	58,431
Trade and other payables	-	-	-	176,080	-	176,080
Accrued markup on short term finances	2,086	-	2,086	-	-	2,086
Unclaimed dividend	-	-	-	14	-	14
	<u>60,867</u>	<u>821</u>	<u>61,688</u>	<u>176,094</u>	<u>52,459</u>	<u>290,241</u>
<b>Net Liquidity</b>	<u>(60,867)</u>	<u>(821)</u>	<u>(61,688)</u>	<u>(108,028)</u>	<u>(51,846)</u>	<u>(221,562)</u>

### 36.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed Capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in thousand)	
Total Debt-Short term borrowings	59,091	58,431
Total Equity	103,995	121,066
Total Capital	<u>163,086</u>	<u>179,497</u>
Gearing Ratio	<u>36.23%</u>	<u>32.55%</u>

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

#### (d) Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	(Rupees in thousand)			
	Chief Executive		Directors	
	2009	2008	2009	2008
Managerial remuneration	210	210	931	931
Allowances:				
House Rent Allowances	94	94	419	419
Medical	11	11	46	46
Utilities	10	10	38	38
Total	<u>325</u>	<u>325</u>	<u>1,434</u>	<u>1,434</u>
Number of Persons	1	1	6	6

No person qualified as executive of the Company.

The Chief Executive and Directors are also provided with free use of the company maintained vehicles and residential phones.

		(Rupees in thousand)	
	NOTE	2009	2008
<b>38</b>	<b>CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
	Cash flow from operating activities:		
	Profit/(Loss) before taxation	(22,024)	(37,922)
	Adjustment for non cash charges and other items:		
	Depreciation	13,760	15,317
	Gain on sale of fixed assets	-	(164)
	Provision for doubtful debts	1,025	4,099
	Bills payable written off	(1,005)	(862)
	Finance cost	11,476	9,200
	Provision for staff retirement benefits	4,159	3,481
		<u>29,415</u>	<u>31,071</u>
	Cash flow before working capital changes	7,391	(6,851)
	(Increase)/decrease in current assets:		
	Stores, spares and loose tools	304	(172)
	Stocks in trade	20,667	914
	Trade debts	(31,950)	(8,982)
	Due from related parties	(7)	7
	Loans and advances	3,601	777
	Trade deposits and short term prepayments	985	(447)
	Other receivables	(4,226)	(1,688)
		<u>(10,626)</u>	<u>(9,591)</u>
	Increase/(decrease) in current liabilities:		
	Trade and other payables	21,975	44,307
	Cash generated from/(used in) operations	<u>18,740</u>	<u>27,865</u>

**39 RELATED PARTY TRANSACTIONS**

Related parties comprise associated companies, directors and key management personnel. Amounts due to related parties are shown in the relevant notes to the financial statements. Transactions with related parties and associated undertakings are as follows:

***Sale of goods***

FICO Engineering (Private) Limited	2,550	-
National Products (Private) Limited	-	27
	<u>2,550</u>	<u>27</u>

***Purchase of spare parts/stores***

National Products (Private) Limited	3,783	2,383
H.M Brothers	4,270	2,230
National Foundry	297	62
New Tri Star Filling Station	90	1,317
	<u>8,440</u>	<u>5,992</u>

**40 NUMBER OF EMPLOYEES**

Average number of employees	<u>348</u>	<u>387</u>
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**41 ACCOUNTING ESTIMATES AND JUDGMENT**

**Income taxes:**

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessment stage and where the company considers that its view on items of





material nature is in accordance with law, the amounts are shown as contingent liabilities. Furthermore, the company may be able to avail the benefit of the payment of turnover tax, provided sufficient taxable profits are available in next five years when this credit can be utilized.

**Property, plant and equipment:**

The company reviews the value of assets for possible impairment on an annual basis. Any changes in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

**Staff retirement benefit - gratuity:**

Certain actuarial assumptions have been adopted as disclosed in the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

**Stock in trade and stores, spare parts and loose tools:**

The Company reviews the net realizable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditures to make sales.

**42 CAPACITY AND PRODUCTION**

	<b>Plant Capacity</b>		<b>Actual Production</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>MAIN ITEMS</b>	<b>NUMBERS</b>		<b>NUMBERS</b>	
Transformers	15,000	15,000	687	488
Electric Fans	100,000	100,000	24,202	24,616
Electric Motors	20,000	20,000	146	216
Electric Meters	200,000	200,000	-	-
Pumps and Turbines	3,500	3,500	-	-
Air conditioners	5,250	5,250	-	-

The capacity is expressed in numbers regardless of the wide range of ratings and various types of the products particularly; power transformers (25 KVA to 3500 KVA), welding transformers, current/voltage transformers, electric motors (1/2 HP to 80 HP), electric fans and pumps (various sizes and descriptions). However, the under utilization of capacity is due to:

- i) Change in the pattern of orders from higher to lower Kilo Volt ampere transformers.
- ii) Severe competition in the market of electric fans, motors and electric meters.

**43 DATE OF AUTHORIZATION**

These financial statements were authorized for issue on September 30, 2009 by the Board of Directors of the Company.

**44 GENERAL**

- Figures have been rounded off to the nearest of thousand of rupees.
- Corresponding figures have been re-arranged wherever necessary for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR

**PATTERN OF HOLDING OF SHARES  
AS ON JUNE 30, 2009.**

CATAGORIES OF SHARE HOLDERS	NUMBERS OF SHARE HOLDERS	TOTAL SHARE HELD	PERCENTAGE
<b><u>Associated Company</u></b>			
Hamid Imtiaz (Pvt) Limited	1	86,840	2.62
National Products	1	2,800	0.08
<b><u>I.C.P</u></b>			
Investment corp. of Pakistan	1	30,110	0.91
<b><u>Directors, Spouses &amp; Minor Children</u></b>			
Ch. M. A. Hameed	1	68,520	2.07
(Mrs. Sughra Khanum (Wife)	1	113,500	3.43
Ch. M. A. Qayyum	1	58,860	1.78
(Mrs. Nusrat Begum(Wife)	1	91,440	2.76
Ch. Abdul Salam	1	51,580	1.56
(Mrs. Razaqat Begum (Wife)	1	74,500	2.25
Ch. Imtiaz A. Hameed	1	88,550	2.67
(Mrs. Naghma Begum (Wife)	1	63,460	1.92
Ch. A. G. Faizi	1	97,200	2.93
Ch. Mehmood Ghani Faizi	1	220,810	6.67
(Mrs. Faryal Mehmood (Wife)	1	16,700	0.50
Mr. Haris Mehmood (Minor Son)	1	13,540	0.41
Ch. Usman Ghani Faizi	1	155,100	4.68
(Mrs. Bushra Usman(Wife)	1	97,820	2.95
Ch. Zia Ul Hameed	1	125,840	3.80
<b><u>Executive</u></b>			
Ch. M. Iqbal Nazir	1	101,340	3.06
<b><u>Financial Institutions</u></b>			
National Bank of Pakistan Karachi.	1	2,350	0.07
National Indl. Finance Corp. Lahore.	1	84,500	2.55
<b><u>Joint Stock Companies.</u></b>			
Climax Agencies, Lahore,	1	112,320	3.39
Punjabi Sodagar M/P C, S Karachi.	1	2,360	0.07
Fikree Dev. Corporation, Karachi.	1	360	0.01
Pak Libya Holding Co. Karachi.	1	5,850	0.18
<b><u>Insurance Companies.</u></b>			
State Life Ins. Corp. Karachi.	1	68,640	2.07
EFU, Ins. Co. Karachi.	1	33,160	1.00
United Insurance Co. Karachi.	1	2,400	0.07
New Jubilee Ins. Co. Karachi.	1	350	0.01
Adamjee Ins. Co. Karachi.	1	1,050	0.03
Gulf Insurance Co. Karachi.	1	58,350	1.76
<b>Shareholders with 10% shareholding or more</b>		Nil	
<b>General Public</b>	746	1,381,800	41.74
<b>TOTAL:</b>	<b>777</b>	<b>3,312,000</b>	<b>100.00</b>



FORM OF PROXY

The Secretary,  
THE CLIMAX ENGINEERING CO. LTD.,  
Climaxabad, G.T. Road, Gujranwala

I,.....  
of.....the district of.....  
being a member of THE CLIMAX ENGINEERING COMPANY and holder of  
.....Ordinary Shares as per  
Registered Folio No .....hereby appoint  
Mr.....  
of.....  
Mr.....  
of.....who is also a  
member of **THE CLIMAX ENGINEERING COMPANY LIMITED** vide registered Folio No.  
.....as my/our proxy to vote for and on my/our behalf at the 51<sup>st</sup>  
Annual General Meeting of the Company to be held at the Registered Office  
Climaxabad, G. T. Road, Gujarnawala on 31<sup>st</sup> October, 2009 at 3:00 P.M and at any  
adjournment thereof.

Witness \_\_\_\_\_

\_\_\_\_\_

Affix  
Re. 1  
Revenue Stamp

(Signature should agree  
with specimen signature  
registered with the Company

Date :

Note: A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote instead of him / her at the meeting. Proxies, on this form or on plain paper duly stamped, must be deposited at the Company s Registered Office not less than forty eight hours before the time of holding the meeting.

