

**QUARTERLY  
REPORT  
March 31, 2009**



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Directors	Ali H. Shirazi
	H. Masood Sohail
	Iftikhar H. Shirazi (Alternate Director Mr. Bashir Makki)
	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
	Iftikhar H. Shirazi
Chief Internal Auditor	Faiz Ullah Ghazi
Secretary	Fida Hussain Zahid

### MANAGEMENT COMMITTEE

Chief Executive Officer	Sadaqat Ali
Chief Financial Officer	Shakil Ahmed
General Manager Plant	Muhammad Qadeer Khan
Financial Controller	Syed Naushad Ali
Manager Quality Assurance	Lt.Col (R) Munzim Ahmed Vahidy
Manager Sales	Syed Tariq Arabi
Manager HR & Admin	Major (R) Abdul Sattar

### AUDITORS

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

### LEGAL ADVISORS

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

### TAX ADVISOR

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

## COMPANY INFORMATION

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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  
Standard Chartered Bank (Pakistan) Limited

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### **REGISTERED OFFICE (FACTORY)**

15th Mile, National Highway, Landhi, Karachi-75120  
PABX 111-111-AEL (235), Fax: 5011709  
E-mail: aeilkh@atlasengineering.com.pk / aeilkh@allwin.com.pk  
Website: www.atlasengineering.com.pk / www.allwin.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: 7354640  
Mobile: 0333-4160784 & 0307-4606099

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#### **Multan Office:**

Atlas Honda Building  
Near Capri Cinema, Azmat Wasti Road, Multan  
Phone: 4512181, Fax: 4541690 & 4586280  
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:**

Flat No.3, Block 'B', Zeenat Plaza  
Near Haji Camp, Peshawar  
Phone: 091-2651000  
Mobile: 0333-9276840

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## **CHAIRMAN'S REVIEW**

It is my pleasure to present the un-audited accounts for the third quarter ended March 31, 2009.

## **THE ECONOMY**

The Pakistan economy is steadily improving and remains immune to the global economic recession. The quarter ended March 31, 2009, saw a marked improvement in terms of fiscal deficit, easing of pressure on the balance of payment and reduction in the inflations figures. The fiscal deficit of the country, which stood at 1.9% of GDP during the first half as a result of cut in subsidies and restrained expenditures by the government, is on course for meeting the full year target of 4.2% set by IMF as part of the macroeconomic stabilization program for Pakistan. Also, the direct tax collection during the July-February period has increased to Rs.704 billion from Rs.585 billion during the corresponding period last year, depicting a rise of about 20% despite economic slowdown.

On the monetary front, the tight monetary policy stance of the central bank by raising the discount rate to 15% has helped to control the surging M2 growth, which equaled 2.87% only during the July 1 - March 14 period in FY09 as compared to a growth of 7.61% during the same period last year. SBP projection that the inflation is to slow sharply in the final quarter of FY08-09 has resulted in a 100 basis point cut in the discount rate to 14%. Further reduction in the discount rate can be anticipated in the next quarter, which will usher in an era of lower interest rates and easy credit availability.

The pledged support of \$ 5 billion by Friends of Pakistan including the US has helped bring back confidence vital for growth in any economy. The affects have started to show as the stock market sentiment is now largely bullish. Foreign Exchange Reserves have crossed US \$11 billion and a bumper wheat crop is expected to provide a big boost to demand in the economy.

The need of the hour is for the Government to set long term economic policies for the manufacturing sector to revive economic dynamism. In the overall perspective, the stabilization measures have put the economy on the recovery path and the economic prospects going forward appear to be quite bright.

## **OPERATING RESULTS**

The sales revenue for the quarter ended March 31, 2009 reduced to Rs. 253.29 million, lower by 23% as compared to Rs. 329.23 million, in the corresponding period last year. The cost of goods sold also reduced to Rs. 242.35 million, lowered only 16%, against Rs. 288.89 million in the same period last year. The gross profit was recorded at Rs. 10.95 million against Rs. 40.34 million in the same corresponding period. The reduction in gross profit was mainly because of low sales volume, inflationary pressure and devaluation of Pak rupee against US\$ and Japanese Yen. The increase in cost could not be passed on to customers due to fierce competition. However, the net impact has been partially offset by cost optimization measures taken to improve efficiency and productivity.

Operating expenses were controlled and reduced to Rs. 15.21 million against Rs. 15.41 million last year. Financial charges increased to Rs. 15.86 million against Rs. 13.32 million same period last year due to continuous increase in KIBOR rate and borrowings for investments in fixed assets of the Company.

Due to lower gross profit and higher financial cost, the Company suffered a loss after tax of Rs. 15.96 million for the period under review against profit of Rs. 9.09 million for the corresponding period last year. During the period the Company disposed off used plant & machinery having net book value Rs. 32.3 million for Rs. 36.5 million, a capital gain of Rs. 4.2 million

The sales revenue for the nine months ended March 31, 2009 was recorded at Rs. 808.21 million as compared to Rs. 877.58 million and the gross profit was recorded at Rs. 25.83 million against Rs. 101.88 million in the same corresponding period last year. The Company thus suffered a loss after tax for the nine months of Rs. 53.44 million compared to profit of Rs. 15.57 million in the same period. There was a loss of Rs. 4.33 per share as compared to Rs. 1.26 earnings per share during the same period last year.

The Company issued 100% right shares at par value for additional capital of Rs. 123.37 million. The letters of right are being traded at the Karachi and Lahore Stock Exchanges and the last date of payment / renunciation was April 27, 2009. After approval of shareholders, your Company increased its authorized capital from Rs. 200.0 million to Rs. 400.0 million.

## FUTURE OUTLOOK

Vending industry is passing through a difficult time because of low demand from OEM segment. However, your management is quite aware of the challenges and taking actions to minimize the effects of these negative influences by focusing on productivity, quality and cost control to improve competitiveness. Further to offset the existing business drop from OEM segment, your Company is working on development of new automotive parts to win more business from the OEM customers. The strong technical base of your company and the priceless human capital accumulated over decades are the foundations on which the future of this enterprise is being modeled.

محبت مجھے اُن جوانوں سے ہے  
ستاروں پہ جو ڈالتے ہیں کند

(Let us look beyond horizon)

## ACKNOWLEDGEMENT

I would like to thank the Board of Directors, the Group Executive Committee and the Group President, for their guidance and support. I thank the financial institutions, dealers, and customers for their confidence and the shareholders for the trust and confidence they have reposed in your company. I also thank the Chief Executive Officer and his management team for their dedication and sincerity of purpose.



Yusuf H. Shirazi

Karachi: April 29, 2009

**BALANCE SHEET (UN-AUDITED)**

AS AT MARCH 31, 2009

	Note	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
(Rupees in 000's)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property, plant and equipment	4	862,321	876,110
Intangible assets	5	698	697
		863,019	876,807
Long-term loans and advances		487	777
Long-term deposits and prepayments		9,097	6,246
		9,584	7,023
		872,603	883,830
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		50,550	46,418
Stock-in-trade	6	143,165	197,464
Trade debts	7	47,111	44,042
Loans and advances		10,717	14,625
Trade deposits and short-term prepayments	8	28,257	13,782
Taxation - net		12,830	2,069
Cash and bank balances	9	2,815	6,778
		295,445	325,178
<b>TOTAL ASSETS</b>		<b>1,168,048</b>	<b>1,209,008</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		123,367	123,367
Unappropriated (loss) / profit	10	(26,850)	35,844
		96,517	159,211
<b>ADVANCE AGAINST ISSUE OF RIGHT SHARES</b>	11	120,029	-
<b>SURPLUS ON REVALUATION OF FIXED ASSET</b>		415,780	415,780
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans	12	63,000	91,000
Liabilities against assets subject to finance lease	13	18,811	22,220
Long-term Murabaha finance		14,285	32,142
Advance against future Ijarah	14	40,025	-
Retirement and other service benefits		22,812	20,183
Deferred taxation		36,811	52,048
		195,744	217,593
<b>CURRENT LIABILITIES</b>			
Trade and other payables		79,486	80,135
Accrued mark up		15,844	12,725
Short-term running finances	15	180,057	223,767
Current maturity of long-term loans	12	15,000	41,711
Current maturity of liabilities against assets subject to finance lease		10,842	12,828
Current maturity of long-term Murabaha finance		28,572	28,572
Provisions and other liabilities		10,177	16,686
		339,978	416,424
<b>CONTINGENCIES AND COMMITMENTS</b>	16		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,168,048</b>	<b>1,209,008</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.



**Sadaqat Ali**  
Chief Executive Officer



**H. Masood Sohail**  
Director



**Yusuf H. Shirazi**  
Chairman

## PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED MARCH 31, 2009

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
(Rupees in 000's)					
Sales - net		808,207	877,584	253,291	329,225
Cost of goods sold	17	(782,378)	(775,700)	(242,345)	(288,890)
Gross profit		25,829	101,884	10,946	40,335
Other operating income / expenditure	18	5,894	(58)	4,157	-
		31,723	101,826	15,103	40,335
Selling and distribution expenses		(14,663)	(11,881)	(4,858)	(4,193)
Administrative expenses		(31,299)	(26,876)	(9,566)	(10,069)
Other operating expenses		(1,514)	(2,445)	(784)	(1,149)
		(47,476)	(41,202)	(15,208)	(15,411)
Operating (loss) / profit		(15,753)	60,624	(105)	24,924
Finance cost	19	(52,882)	(39,837)	(15,858)	(13,318)
(Loss) / profit before taxation		(68,635)	20,787	(15,963)	11,606
Taxation - current		(44)	(4,422)	-	(1,680)
- deferred		15,237	(791)	-	(839)
		15,193	(5,213)	-	(2,519)
(Loss) / profit after taxation		(53,442)	15,574	(15,963)	9,087
(Loss) / earnings per share - Basic		Rs. (4.33)	Rs.1.26	Rs. (1.29)	Re. 0.74

The annexed notes from 1 to 21 form an integral part of these financial statements.



Sadaqat Ali  
Chief Executive Officer



H. Masood Sohail  
Director



Yusuf H. Shirazi  
Chairman



**CASH FLOW STATEMENT**

FOR THE NINE MONTHS ENDED MARCH 31, 2009

	Nine Months Ended	
	March 31, 2009	March 31, 2008
	(Rupees in 000's)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(68,635)	20,787
Adjustments for:		
Depreciation / amortization	37,973	39,086
(Profit) / loss on sale of fixed assets	(5,894)	58
Gratuity - net	2,629	1,518
Finance cost	52,882	39,837
	87,590	80,499
<b>Operating profit before working capital changes</b>	18,955	101,286
Working capital changes:		
Decrease / (Increase) in stock-in-trade	50,167	(62,933)
Increase in trade debts	(3,069)	(77,995)
Decrease / (Increase) in loans, advances, deposits, prepayments and other receivables	11,433	(5,674)
(Decrease) / increase in trade and other payables	(7,159)	27,132
<b>Cash used in operations</b>	70,327	(18,184)
Finance cost paid	(49,763)	(38,655)
Taxes paid	(10,805)	(6,095)
<b>Net cash generated / (used) in operating activities</b>	9,759	(62,934)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(17,725)	(7,922)
Long term deposits	(2,851)	(735)
Repayments / (disbursement) of long term loans and advances	290	(454)
Proceeds from sale of fixed assets	22,202	2,036
<b>Net cash generated / (used) in investing activities</b>	1,916	(7,075)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Disbursement of long-term loans	30,000	60,000
Advance against issue of right shares	120,029	-
Repayment of finance lease	(10,137)	(7,069)
Repayment of long-term loans	(102,568)	(59,559)
(Repayment) / disbursement of short-term running finance	(43,710)	70,094
Dividend paid	(9,252)	-
<b>Net cash (used) / generated from financing activities</b>	(15,638)	63,466
<b>Net decrease in cash and cash equivalents</b>	(3,963)	(6,543)
<b>Cash and cash equivalents at the beginning of the period</b>	6,778	10,132
<b>Cash and cash equivalents at the end of the period</b>	2,815	3,589

The annexed notes from 1 to 21 form an integral part of these financial statements.



**Sadaqat Ali**  
Chief Executive Officer



**H. Masood Sohail**  
Director



**Yusuf H. Shirazi**  
Chairman

## STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED MARCH 31, 2009

	Issued subscribed and Paid-up Capital	Unappropriated profit / (loss)	Total
	(Rupees in 000's)		
Balance as at June 30, 2007	123,367	16,467	139,834
Net profit for the period July 01, 2007 to March 31, 2008	-	15,574	15,574
Balance as at March 31, 2008	<u>123,367</u>	<u>32,041</u>	<u>155,408</u>
Balance as at June 30, 2008	123,367	35,844	159,211
Dividend for the year ended June 30, 2008 @ Re 0.75 per share	-	(9,252)	(9,252)
Net loss for the period July 01, 2008 to March 31, 2009	-	(53,442)	(53,442)
Balance as at March 31, 2009	<u>123,367</u>	<u>(26,850)</u>	<u>96,517</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



Sadaqat Ali  
Chief Executive Officer



H. Masood Sohail  
Director



Yusuf H. Shirazi  
Chairman

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2009

**1. THE COMPANY AND ITS OPERATIONS**

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

**2. BASIS OF PREPARATION**

These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirement of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 "Interim Financial Reporting". The financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2008.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2008.

**4. PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
		(Rupees in '000)	
Opening Net Book Value (NBV)		862,848	874,633
Additions to operating property, plant and equipment		17,314	45,050
Disposals during the period / year (NBV)	4.1	(38,308)	(3,391)
Depreciation charged during the period / year		(37,565)	(53,444)
		(75,873)	(56,835)
		804,289	862,848
Capital work-in-progress		58,032	13,262
		862,321	876,110

4.1 During the nine months period company disposed off used plant & machinery having net book value Rs 38.308 million for Rs. 44.202 million.

**5. INTANGIBLE ASSETS**

Additions during the period / year amounting to Rs.0.409 (June 30, 2008: Rs.0.679) million for software license.

**6. STOCK-IN-TRADE**

Included herein are stocks carried at net realizable value amounting to Rs.12.397 (June 30, 2008: Rs.19.133) million.

**7. TRADE DEBTS**

	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
		(Rupees in '000)
Unsecured, considered good		
Due from related parties	-	33
Others	47,111	44,009
	47,111	44,042

	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
(Rupees in '000)		
<b>8. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Security and trade deposits	484	342
Letter of credit and guarantee margin deposits	-	11,209
Other receivable against sale of machine	22,000	-
Prepayments	5,498	2,044
Current maturity of long-term prepayments	275	187
	28,257	13,782
<b>9. CASH AND BANK BALANCES</b>		
In hand:		
- Cheques / Payorders	-	2,291
- Cash	198	92
	198	2,383
Cash at bank in current accounts	2,617	4,395
	2,815	6,778

## 10. SHARE CAPITAL

### 10.1 Authorised capital

March 31, 2009	June 30, 2008		March 31, 2009	June 30, 2008
			(Rupees in thousands)	
40,000,000	20,000,000	Ordinary shares	400,000	200,000

10.1.1 Board of Directors in its meeting held on January 10, 2009 has recommended to increase the authorized capital of the Company from Rs.200 million to Rs.400 million. The shareholders of the Company have also approved the above increase in authorized capital in the Extra Ordinary General Meeting held on February 06, 2009.

### 10.2 Issued, subscribed and paid-up capital

9,273,588	9,273,588	- Fully paid in cash	92,736	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
12,336,695	12,336,695		123,367	123,367

## 11. ADVANCE AGAINST ISSUE OF RIGHT SHARES

This represents amount received in advance from one of the sponsor and other shareholders for issue of right shares.

The Board of Directors in its meeting held on January 10, 2009 has decided to issue right shares at par value in proportion of 10 shares for every 10 shares i.e. 100%. Letter of rights have been issued on March 06, 2009 to the share holders as per their entitlement.

	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
(Rupees in '000)		
<b>12. LONG-TERM LOANS</b>		
Secured		
From Banks:		
Loan - I	-	14,282
Loan - II	-	21,429
Loan - III	51,000	57,000
Loan - IV	27,000	-
12.1	78,000	92,711
Less: Current maturity - long-term loans	15,000	41,711
	63,000	51,000
Unsecured		
From directors	-	20,000
Close family members of directors	-	20,000
12.2	-	40,000
12.3	63,000	91,000

12.1 The Company entered into a long-term loan agreement with a commercial bank - a related party of Rs.30 million to finance the long term assets. The loan is repayable in 20 equal quarterly installments and carries markup at 3 months KIBOR rate plus 1.5% per annum. The loan is secured by 1st pari passu equitable mortgage and hypothecation charge over fixed assets of Company.

12.2 During the period, the Company repaid loans given by directors and their close family members.

12.3 The terms and conditions of all other loans shown above are the same as disclosed in note 16 to the annual financial statements of the Company for the year ended June 30, 2008.

### 13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These 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 aggregate Rs.34.233 million (June 30, 2008: Rs.42.213 million) and are payable in monthly installments latest by June 2013. Taxes, repairs, replacement and insurance cost are to be borne by the Company. In case of termination of agreement the Company has to pay the entire rent for unexpired period. Financing rates of approximately 12.09% to 16.90% per annum have been used as the discounting factor. These liabilities are secured by demand promissory note of Rs.64.994 million (June 30, 2008: Rs.58.75 million).

### 14. ADVANCE AGAINST FUTURE IJARAH

Represents advance received against future Ijarah for import of machinery from a commercial bank.

	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
(Rupees in '000)		
<b>15. SHORT-TERM RUNNING FINANCES - Secured</b>		
Atlas Bank Limited - a related party	41,554	72,059
Others	138,503	151,708
15.1	180,057	223,767

15.1 The aggregate facilities of short-term running finance available from various banks as on March 31, 2009 amounted to Rs.357 million (June 30, 2008: Rs. 325 million) of which Rs.176.943 (June 30, 2008: Rs.101.233) million remained unutilized as on March 31, 2009. The facilities are under markup arrangements and are secured by first pari passu joint hypothecation of stock and book debts of the Company. The rate of markup on these finance ranges from three months KIBOR plus 1.25% to one month KIBOR plus 3.00% (June 30, 2008: three months KIBOR plus 0.75% to one month KIBOR plus 1.75%) per annum.

## 16. CONTINGENCIES AND COMMITMENTS

There were no major changes in the status of contingencies and commitments reported in the financial statements for the year ended June 30, 2008 except for the following:

	March 31, 2009 (Un-Audited)	June 30, 2008 (Audited)
	(Rupees in '000)	
<b>Commitments:</b>		
Guarantees	16,954	17,702
Letter of credits	56,593	156,250
	<u>73,547</u>	<u>173,952</u>

	Nine Months Ended		Quarter Ended	
	March 31, 2009 (Un-Audited)	March 31, 2008 (Un-Audited)	March 31, 2009 (Un-Audited)	March 31, 2008 (Un-Audited)
	(Rupees in '000)			

## 17. COST OF GOODS SOLD

Raw and ancillary materials consumed	505,033	525,307	144,789	195,138
Salaries, wages and benefits	124,039	120,746	37,351	43,900
Spare parts and other maintenance	41,663	38,147	9,673	15,170
Fuel, water and power	50,434	46,948	15,968	15,094
Repairs and maintenance	3,177	2,393	1,131	1,363
Depreciation	35,812	37,184	12,090	12,226
Packing material	6,638	5,859	2,160	2,189
Royalty and technical fee	6,284	9,179	1,952	3,345
Others	5,035	6,389	1,320	1,647
	<u>778,115</u>	<u>792,152</u>	<u>226,434</u>	<u>290,072</u>
Opening work-in-process	30,978	16,411	24,607	27,513
Closing work-in-process	(21,268)	(26,414)	(21,268)	(26,414)
	<u>9,710</u>	<u>(10,003)</u>	<u>3,339</u>	<u>1,099</u>
Cost of goods manufactured	<u>787,825</u>	<u>782,149</u>	<u>229,773</u>	<u>291,171</u>
Opening stock of finished goods	34,745	35,419	52,764	39,587
Closing stock of finished goods	(40,192)	(41,868)	(40,192)	(41,868)
	<u>(5,447)</u>	<u>(6,449)</u>	<u>12,572</u>	<u>(2,281)</u>
	<u>782,378</u>	<u>775,700</u>	<u>242,345</u>	<u>288,890</u>
<b>18. OTHER OPERATING INCOME / (EXPENDITURE)</b>				
Gain / (loss) on sale of fixed assets	5,894	(58)	4,157	-
<b>19. FINANCE COST</b>				
Interest on long term loans	20,223	18,385	6,266	4,189
Mark-up on short-term finance - secured	31,059	20,553	9,024	8,935
Banks and other charges	1,600	899	568	194
	<u>52,882</u>	<u>39,837</u>	<u>15,858</u>	<u>13,318</u>

## 20. TRANSACTIONS WITH RELATED PARTIES

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, remuneration and benefits to key management personnel are as follows:

Relationship with the company	Nature of transactions	Nine Months Ended		Quarter Ended	
		March 31, 2009 (Un-Audited)	March 31, 2008	March 31, 2009 (Un-Audited)	March 31, 2008 (Un-Audited)
		(Rupees in '000)			
Entities having directors in common with the company	Interest expenses	2,611	2,662	981	672
	Purchase of goods	683	6,221	257	2,546
	Sale of goods (inclusive of sales tax and federal excise duty)	612,664	682,435	172,377	246,542
	Sale of fixed assets	6,000	-	-	-
	Sale of scrape	-	5,003	-	-
	Advance received against future issue of right shares	120,000	-	-	-
	Finance lease obtained	4,698	10,281	-	1,041
	Long-term loan obtained	30,000	-	-	-
	Lease rentals paid	10,137	7,069	3,423	2,206
	Insurance premium	14,076	10,281	2,578	1,649
	Dividend paid	6,359	-	6,359	-
Chief Executive	Remuneration	5,569	3,622	1,035	1,152
Directors	Remuneration	300	-	300	-
	Meeting fee	50	40	50	40
Executives	Remuneration	14,859	9,192	3,565	3,024
	Contribution to staff gratuity fund	1,594	1,375	-	-
	Contribution to staff provident fund	700	462	212	154

In addition, certain actual administrative expenses are being shared amongst the associated companies.

## 21. GENERAL

21.1 These financial statements were authorised for issue by the Board of Directors on April 29, 2009.

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



Sadaqat Ali  
Chief Executive Officer



H. Masood Sohail  
Director



Yusuf H. Shirazi  
Chairman

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