

17/A-23/2018-19

August 28, 2018

The Chief Executive Officer
Atlas Battery Limited
D-181, Central Avenue, S.I.T.E,
KARACHI.

Dear Sir,

AUDITORS' CERTIFICATE ON COMPUTATION OF FREE RESERVES

We have been requested to provide you with a certificate on computation of free reserves of Atlas Battery Limited (the Company) as required under the Companies (Issue of Capital) Rules, 1996 (the Rules).

Scope of certificate

The requirement of sub clause (iii) of clause 6 of the Rules are reproduced below;

"(iii) a certificate shall be obtained by the company from the auditor certifying that, -

- (a) the free reserves retained after the issue of bonus shares are not less than fifteen per cent of the increased paid up capital of the company; and*
- (b) all contingent liabilities have been deducted while calculating the minimum residual reserve of fifteen per cent and such certificate shall be sent to the Commission for information and the respective stock exchange on the day of decision for the public dissemination."*

Management responsibility

It is the responsibility of the Company's management to prepare and ensure the computation of residual free reserves in accordance with the Rules. The management's responsibility also includes maintenance of accounting records and internal controls system, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of fraud and irregularities. This certificate does not relieve the management of its responsibilities.



Auditors' responsibility

Our responsibility is to issue a certificate on computation of free reserves for the issue of bonus shares as required under the Rules in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- Obtained computation for free reserves and checked the amounts, proposed bonus issue and other relevant information used for computation with the trial balance, financial statements and the resolution of the Board of Directors; and
- Checked that the total proposed bonus issue is within the limits prescribed under the Rules including Company's residual free reserves after the aforementioned proposed bonus issue do not included any reserve created as a result of revaluation of fixed assets or any intangible or fictitious assets such as preliminary expenses or goodwill. Further reviewed the contingent liabilities outstanding as at June 30, 2018 to determine the contingent loss, if any, falling within the scope of the paragraph 14 of International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" and confirm that all such liabilities have been accounted for which are deductible from the aforementioned free reserves of the Company.

Certificate

Based upon the procedures mentioned under Auditors' responsibility paragraph, we certify that the residual free reserves in terms of meaning given to "free reserves" in the Rules, after incorporating the proposed issue of bonus shares of a face value of Rs.69,599 thousand would be higher than fifteen percent of the enhanced capital of Rs.243,597 thousand.

Restriction on use and distribution

This certificate is being issued in the capacity of statutory auditors of the Company on the specific request of the management for the purpose of issue of bonus shares to shareholders of the Company as required under the Rules and is not to be used or distributed for any other purpose. This certificate is restricted to the fact stated herein.

Yours truly

ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTS



**EXTRACT OF THE RESOLUTIONS PASSED
IN THE BOARD OF DIRECTORS MEETING
HELD ON AUGUST 28, 2018**

DIVIDEND

The Board of Directors has recommended cash dividend @ 100% (Rs.10.00 per share), Bonus Shares @ 40% in the proportion of Two ordinary shares of 10/- each for every Five ordinary shares held by a shareholder and transfer of Rs.340 million to the general reserve out of the net profit for the year ended June 30, 2018 and passed the following resolutions:

RESOLVED

"That cash dividend at the rate of 100% (Rs.10.00 per share) be and is hereby recommended for payment to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 12, 2018."


FURTHER RESOLVED

"That a sum of Rs. 69,599,070 out of Company's profit be capitalized for issuing 6,959,907 fully paid ordinary shares of Rs.10/- each as bonus shares to be allotted to those shareholders of the Company, whose names shall appear in the register of members at the close of business on September 12, 2018 @ 40 % in the proportion of Two ordinary shares of Rs. 10/- each for every Five ordinary shares of Rs.10/- each held by shareholder. The said shares shall rank pari passu with the existing shares of the Company as regards future dividend and in all other respects."

FURTHER RESOLVED

"That an amount of Rs. 340,000,000/- (Rupees Three hundred forty million only) be transferred to general reserve out of the profit of the Company for the year ended June 30, 2018."

CERTIFIED TRUE COPY


Muhammad Iqbal
Company Secretary

