Atlas Honda

AHL/SEC/ 1395/2019

April 25, 2019

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: **CERTIFICATE OF FREE RESERVE**

Dear Sir,

Please find enclosed Auditor's Certificate on Residual Free Reserves for the issue of bonus shares for the year ended March 31, 2019.

Yours Sincerely,
For Atlas Honda Limited

ATLAS HONDA LTD.

Marrium Ahmed
Company Secretary

Atlas Honda Limited

Karachi Plant: F-36, Estate Avenue, S.I.T.E., Karachi. **UAN :** 111-111-245, **Ph:** (92-21) 32575561-65, 32555561-5 **Fax:** (92-21) 32563758
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Hyderabad Office: Dawood Center 2nd Floor Auto Bahan Road, Latifabad, Hyderabad. **Ph:** (92-22) 3411361-9 Fax:(92-22) 3411370
Rahimyar Khan Office: Makhdoom Altaf Road, West Sadiq Canal Bank, Near City School, Rahim Yar Khan. **Ph:** (068) 5883415-19, 5888418-20 **Fax:**(068) 5883414

ShineWing PAKISTAN

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45/A-1/2018-19

April 24, 2019

The Chief Executive Officer
Atlas Honda Limited,
F-36, Estate 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 Honda Limited (the Company) as required under Companies (Further Issue of Shares) Regulations, 2018 (the Regulations).

Scope of certificate

The requirement of sub regulation 1 (v) & (vi) of regulation 4 of the Regulations are reproduced below;

"(v) a certificate shall be obtained by the listed 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.

(vi) the auditor's certificate as provided in clause (v), shall be sent to the Commission for information and to the securities exchange on the day of decision by board 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 Regulations. Further, the management's responsibility 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 Regulations 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 cash & 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 total proposed bonus issue is within the limits prescribed under the Regulations. Also assessed that the 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. Further reviewed the contingent liabilities as disclosed in financial statements as at March 31, 2019 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 Regulations, after incorporating the proposed issue of bonus shares of a face value of Rs.206,813 thousand would be higher than fifteen percent of the enhanced capital of Rs.1,240,879 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 and onwards submission to Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange as required under the Regulations 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.

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CHARTERED ACCOUNTS