

Press Release

SEC Restrains Climax Engineering Company from Passing Special Resolution

Islamabad – 21 October 2004: The Securities and Exchange Commission of Pakistan (SEC) has restrained Climax Engineering Company Limited, a listed Company, from passing a special resolution to dispose of its assets without adequate disclosure to shareholders.

The company, in its annual general meeting to be held on 31 October 2004, intended to pass a special resolution to authorize its Board of Directors to dispose of its assets including surplus Land, Building, Plant & Machinery. However, the SEC observed that material information regarding individual details of assets, their present book value, present market value, efforts made in order to obtain best possible price and mode of sale of assets were not disclosed to the shareholders. It was further observed that the auditors of the company had raised a serious objection that the company had not revalued whole land held in its name; instead it had excluded certain land from revaluation in violation of the requirements of International Accounting Standard 16. Had the company revalued the whole land, the revaluation surplus and the value of fixed assets would have increased by an amount of Rs.47.669 million.

The SEC believed that due to lack of availability of necessary information to shareholders, it was not possible to fully understand the transaction and sale of assets in the intended manner would not be considered transparent and may cause loss to the company and its shareholders.