

**HALF YEARLY
REPORT
DECEMBER 31, 2006**



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Javaid Anwar
	Muhammad Atta Karim
	Naoyuki Inoue
Company Secretary	Muhammad Iqbal

AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Iftikhar H. Shirazi
	Muhammad Atta Karim
Head of Internal Audit	M. Rizwan Jamil
Secretary	Muhammad Saleem

GROUP EXECUTIVE COMMITTEE

Chairman	Aamir H. Shirazi
Members	Bashir Makki
	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmad
	Saqib H. Shirazi
Secretary	Theresa Dias

GROUP HUMAN RESOURCE COMMITTEE

Chairman	Yusuf H. Shirazi
Members	Aamir H. Shirazi
	Bashir Makki

GROUP SYSTEMS & TECHNOLOGY COMMITTEE

Chairman	Iftikhar H. Shirazi
Members	Qasim Imran Khan
	Ziaullah Begg
Secretary	Sarfraz Hasan

MANAGEMENT COMMITTEE

Chief Executive	Vazeer Ali
Chief Financial Officer & GMHR	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Quality Assurance	Muhammad Jamil Awan
General Manager Plant	Shahzad Ahmad Khan

COMPANY INFORMATION

Auditors Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisor Agha Faisal Barrister at Law
Mohsin Tayebaly & Co.

Tax Advisor Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Bankers Atlas Bank Limited
Bank Al-falah Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Tokyo-Mitsubishi UFJ, Limited

Registered Office / Factory D-181 Central Avenue, S.I.T.E. Karachi-75730
Tel: 2567990-94 Fax: 2564703

Zonal Office Karachi PPI Building, Near Sindh Secretariat Building,
Shahra-e-Kamal Ataturk, Karachi-74200
Tel: 2636057 - 2626478

Sukkur Office F -33/4, Barrage Colony, Workshop Road, Sukkur
Tel: 612532 Fax: 612532

Zonal Office Lahore Salam Chambers, 21 Link Mcleod Road,
Lahore-54000 Tel: 7227075 - 7354245 Fax: 7352724

Faisalabad Office 54-Chenab Market, Madina Town, Faisalabad
Tel: 8713127 Fax: 8726628

Multan Office Azmat Wasti Road, Chowk Dera Adda Multan-60000
Tel: 4548017

Peshawar Office 1st Floor, Zeenat Plaza, near General bus stand,
G.T. Road, Peshawar Tel: 2262485

Rawalpindi Office 312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847
Tel: 5567423

Sahiwal Office 647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000
Tel: 4461539

Company Website www.atlasbattery.com.pk

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CHAIRMAN'S REVIEW

It is my pleasure to present to you un-audited accounts of your Company for half - year ended December 31, 2006.

ECONOMY

Despite a relative slow down in the industrial growth, the overall growth led by the service sector, remains strong. The real GDP remained at its long-term growth path with a growth rate of 6.6 percent. While the growth is marginally lower than the 7.0 percent annual target, the resilience of the economy, despite the earthquake and a year long poor harvest is, impressive.

Pakistan is now in the league of emerging markets moving from low income to middle income. Economic prospects depend crucially on the ability to accelerate reforms especially in areas like taxation, where an uneven playing field hides competitiveness and growth.

The growth of the last five years was largely fuelled by an easy monetary policy and successful restructuring of the financial sector. This, in turn, enabled the consumers to have access to credit on easy terms. However, the ensuing growth created supply shortages and subsequently inflation. The economy is now passing through a difficult period where in order to tame inflation, the monetary policy has been tightened and interest rates have climbed from 3% to 13%, making consumption based credit more difficult. Demand growth, therefore, has been constantly affected.

OPERATING RESULTS

The net sales revenue for the six months was Rs.720.9 million, up 24.1%, as compared to Rs.580.7 million for the same period, last year. The gross profit improved from Rs.85.9 million to Rs.133.6 million, improving G.P. ratio of 18.5% as compared to 14.8% during the corresponding period last year.

The operating expenses were Rs.63.0 million compared to Rs.56.2 million, in line with increase in sales volume and revenue. However, as percentage of sales revenue it improved to 8.7% from 9.7% as compared with corresponding period. Operating profit improved to Rs. 70.6 million from Rs. 29.8 million in same period, last year.

The financial and other charges, however, increased to Rs.16.3 million from Rs.12.6 million due to combined effect of higher mark-up, higher utilization of running finance facilities and higher provision of WPPF and WWF on the improved profitability.

The profit before tax for the half year thus stood at Rs.54.9 million compared to Rs.22.8 million during corresponding period, last year. After making a provision of Rs.20.8 million in respect of current and deferred taxation, the after tax profit of the company was Rs.34.1 million compared to Rs.12.7 million during corresponding period of last year. Earning per share was Rs.5.6 as against Rs.2.1 during the same period last year.

OUTLOOK

The growth in battery industry has a co-relation with automobile sector. In preceding couple of years automobile segment had consistent growth - 30% - which had a salutary impact on battery industry. However, the current production and sales data of the auto

industry indicates that growth is expected to be lower in the coming years as compared to previous years. The import of new and used vehicles and increased interest rates on leasing have played a vital role in slowing down the growth.

Additionally, the battery industry is faced with an unabated spiral rise in cost of major input of lead metal in international market which has now crossed US\$1,800 per MT - an increase of 82% in six months period from July 2006. The local recycled lead has also reached all time high cost of Rs.80 per Kg with an increase of 33.3% within reporting period. Increase in the basic raw materials will have cost push pressure. However, your company is committed to tackle this unprecedented rise in cost through improved quality, productivity, effective sourcing and volumes.

مشک آنست کہ خود بیسود نہ کہ عطار بگوید

(Performance speak itself)

ACKNOWLEDGEMENT

I would like to thank Japan Storage Battery Company Ltd; Japan, our bankers, shareholders, dealers and customers, vendors and members of the Board of Directors for their continued support and guidance. I also thank Group Executive Committee; Group President; Mr. Aamir H. Shirazi, Group Director Engineering Mr. Jawaid Iqbal Ahmed and Chief Executive Officer Mr. Vazeer Ali and his management team and all associates for their dedication and commitment to achieve your Company's growth.



Karachi: February 26, 2007

Yusuf H. Shirazi

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Atlas Battery Limited as at December 31, 2006 and related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (herein after referred to as the "financial statements") for the six months period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited to primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Karachi: February 26, 2007

HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET (UNAUDITED)


AS AT DECEMBER 31, 2006

	Note	December 31, 2006	June 30, 2006
Rupees in '000'			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	297,492	239,712
Long term Investment		-	-
Long term deposits		4,012	4,012
CURRENT ASSETS			
Stores, spare parts and loose tools		8,490	8,659
Stock-in-trade		257,354	218,012
Trade debts		49,349	45,864
Short term investment		267	254
Loans and Advances		10,770	14,355
Trade deposits and prepayments		7,724	1,224
Interest accrued		88	121
Other receivables		-	365
Income tax refundable		3,486	-
Cash and bank balances		32,088	30,309
		369,616	319,163
TOTAL ASSETS		671,120	562,887
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Ordinary Shares of Rs.10/- each.		100,000	100,000
Issued, subscribed and paid up capital		60,805	52,874
Reserves - Revenue		221,736	211,476
		282,541	264,350
NON CURRENT LIABILITIES			
Long term financing		32,000	40,000
Deferred taxation		44,768	39,565
Retirement benefit obligation		12,343	10,952
CURRENT LIABILITIES			
Trade and other payables		112,650	93,250
Mark-up accrued on borrowings		4,955	1,726
Short term borrowings		151,133	90,974
Current portion of long-term financing		16,000	16,000
Provision for taxation		14,730	6,070
		299,468	208,020
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	5	671,120	562,887


The annexed notes form an integral part of the financial statements



Javaid Anwar
Director



Vazeer Ali
Chief Executive




Yusuf H. Shirazi
Chairman


PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Note	Quarter ended		Half year ended	
		Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
Rupees in '000'					
Sales		364,513	294,206	720,938	580,674
Cost of sales	6	(296,131)	(245,722)	(587,368)	(494,756)
Gross profit		68,382	48,484	133,570	85,918
Distribution costs		(22,968)	(20,430)	(45,926)	(38,108)
Administrative expenses		(8,248)	(10,187)	(17,104)	(18,054)
		37,166	17,867	70,540	29,756
Other income		419	5,131	690	5,653
Finance costs		(6,255)	(5,705)	(12,074)	(10,757)
Other operating expenses		(2,244)	(1,286)	(4,265)	(1,886)
Profit before taxation		29,086	16,007	54,891	22,766
Taxation		(12,056)	(6,799)	(20,837)	(10,078)
Profit after taxation		17,030	9,208	34,054	12,688
Earnings per share - basic and diluted		2.80	1.51	5.60	2.09

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


Javaid Anwar
Director


Vazeer Ali
Chief Executive


Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Half year ended	
	Dec 31, 2006	Dec 31, 2005
	Rupees in '000'	
Net profit before taxation	54,891	22,766
Adjustments for:		
Depreciation	15,775	13,852
Amortization	-	187
Mark-up / interest expenses	11,375	10,138
Profit on sale of property, plant and equipment	(334)	(351)
Provision for gratuity	61	38
Provision for compensated absences	1,826	1,740
Unrealized gain on re-measurement of investments	(13)	(3,008)
Gain on sale of investments	-	(2,080)
	28,690	20,516
Operating profit before working capital changes	83,581	43,282
Working capital changes: (Increase) / Decrease in Current Assets		
Stores, spares parts & loose tools	169	(3,677)
Stock-in-trade	(39,342)	28,674
Trade debts	(3,485)	(25,208)
Loan and advances (excluding tax deducted at source)	(859)	1,193
Trade deposits and prepayments	(6,500)	(333)
Interest accrued	33	55
Other receivables	365	(732)
	(49,619)	(28)
Increase in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	19,284	20,819
Working Capital changes	(30,335)	20,791
Cash generated from operations	53,246	64,073
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of period	30,309	32,607
Net Cash inflow / (outflow)	1,779	(4,262)
Balance at end of the period	32,088	28,345

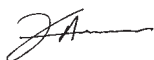
CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2006

Half year ended
Dec 31, 2006 Dec 31, 2005
Rupees in '000'

Cash generated from operations	53,246	64,073
Mark-up/interest paid	(8,029)	(8,651)
Gratuity paid	(87)	(94)
Compensated absences paid	(409)	(619)
Income taxes paid	(6,016)	(2,297)
Long term deposits	-	13
Net cash generated from operations	38,705	52,425
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(75,627)	(104,728)
Sale proceeds from property, plant and equipment	2,404	3,653
Investments	-	(115,260)
Sale proceeds of investments	-	103,989
Net cash used-in Investing Activities	(73,223)	(112,346)
Net cash flow before Financing Activities	(34,518)	(59,921)
FINANCING ACTIVITIES		
Increase in short term borrowings	60,159	79,154
Repayment of long term financing	(8,000)	(12,000)
Dividend paid	(15,862)	(11,495)
Cash flow from financing activities	36,297	55,659
Increase / (Decrease) in cash & cash equivalents	1,779	(4,262)

The annexed notes form an integral part of these financial statements



Javaid Anwar
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman


STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Share Capital	General Reserve	Unappro- priated profit	Total
	Rupees in '000'			
Balance as at June 30, 2005	45,977	146,500	42,044	234,521
Transfer to General reserve	-	23,000	(23,000)	-
Dividend-Final 2005 (Rs.2.50 per share)	-	-	(11,494)	(11,494)
Bonus shares issued	6,897	-	(6,897)	-
Profit for the period after taxation	-	-	12,688	12,688
Balance as at December 31, 2005	52,874	169,500	13,341	235,715
Profit for the period after taxation	-	-	28,635	28,635
Balance as at June 30, 2006	52,874	169,500	41,976	264,350
Dividend-Final 2006 (Rs. 3 per share)	-	-	(15,862)	(15,862)
Transfer	-	17,000	(17,000)	-
Bonus shares issued	7,931	-	(7,931)	-
Profit for the period after taxation	-	-	34,054	34,054
Balance as at December 31, 2006	60,805	186,500	35,236	282,541


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



Javid Anwar
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2006

1. CORPORATE INFORMATION

Atlas Battery Limited (the company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The company is engaged in manufacturing and sale of automotive and motorcycle batteries.

2. ACCOUNTING POLICIES

2.01 The accounting policies and methods of computation adopted for the preparation of these financial statements for the half year ended December 31, 2006 are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2006.

2.02 These financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting".

3. GENERAL

3.01 Figures have been rounded off to the nearest thousand rupees.

3.02 All figures except June 30, 2006 figures appearing in these financial statements are unaudited.

4. FIXED ASSETS

	As at	
	December 31, 2006	June 30, 2006
Property, Plant and Equipment	297,492	239,623
Capital work in progress	-	89
	297,492	239,712
Property, Plant and Equipment		
Opening net book value	239,623	140,097
Additions during the period	75,715	129,866
	315,338	269,963
Less:		
Written down value of disposals	2,071	5,090
Depreciation	15,775	25,250
	17,846	30,340
Closing book value	297,492	239,623

5. COMMITMENTS

Confirmed letters of credit relating to:		
Raw materials	91,414	112,269
Stores, spareparts and loose tools	-	365
Property, plant and equipment	1,645	30,913
Guarantees issued by banks on behalf of company	24	24

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006

	Note	Quarter ended		Half year ended	
		Dec 31, 2006	Dec 31, 2005	Dec 31, 2006	Dec 31, 2005
Rupees in '000'					
6. COST OF SALES					
Stocks at the beginning		57,330	29,542	52,530	47,961
Finished goods purchased		14,846	-	14,846	-
Cost of goods manufactured	6.01	289,736	222,964	585,773	453,579
		<u>361,912</u>	<u>252,506</u>	<u>653,149</u>	<u>501,540</u>
Stocks at the end		65,781	6,784	65,781	6,784
		<u>296,131</u>	<u>245,722</u>	<u>587,368</u>	<u>494,756</u>
6.01 Cost of goods manufactured					
Work in process at the beginning		34,856	25,776	49,667	25,517
Raw material & components consumed		222,532	172,219	434,561	349,372
Overheads		74,688	57,565	143,885	111,286
		<u>332,076</u>	<u>255,560</u>	<u>628,113</u>	<u>486,175</u>
Work in process at the end		42,340	32,596	42,340	32,596
		<u>289,736</u>	<u>222,964</u>	<u>585,773</u>	<u>453,579</u>



7. RELATED PARTY TRANSACTIONS

	Half year ended	
	December 31, 2006	December 31, 2005
Sales	73,923	85,400
Purchases	167	375
Reimbursement of expenses	369	363
Expenses charged to	-	18
Rent & Insurance premium	14,789	11,751
Purchase of property, plant and equipment	6,012	5,969
Royalty	15,011	12,012
Purchase of natural gas	9,941	7,270
Sale of property, plant and equipment	-	844
Donation	31	221
Investment	-	100,260
Redemption of Investment	-	63,903
Interest received	120	88
Insurance claim	548	799
Dividend paid	7,723	6,199

	As at	
	December 31, 2006	December 31, 2005

Period end balances of Related Parties

Receivable from	12,258	1,697
Payable to	41,235	24,021

8. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after January 1, 2007 and are either not expected to have a significant effect on the company's financial statements or are not relevant to the company:

- IFRS 2 Share Based Payments
- IFRS 3 Business Combination
- IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- IFRS 6 Exploration for and Evaluation for Mineral Resources
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 Group and Treasury Transaction

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 26 , 2007 by the Board of Directors of the Company.

Javaid Anwar
Director

Vazeer Ali
Chief Executive

Yusuf H. Shirazi
Chairman

Atlas Battery Limited

D-181, Central Avenue, S.I.T.E., Karachi-75730

Ph: (92-21) 2567990-4 **Fax:** (92-21) 2564703

Email: abl@atlasbattery.com.pk **Website:** www.atlasbattery.com.pk