



Quarterly Report  
September 30, 2015

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# COMPANY INFORMATION

## Board of Directors

Yusuf H. Shirazi  
Chairman

Ariful Islam  
Director

Bashir Makki  
Director

Frahim Ali Khan  
Director

Kamal A. Chinoy  
Director

Toru Furuya  
Director

Ali H. Shirazi  
President / Chief Executive

Rizwan Ahmed  
Company Secretary

## Audit Committee

Frahim Ali Khan  
Chairman

Bashir Makki  
Member

Kamal A. Chinoy  
Member

M. Rizwan Jamil  
Secretary & Head of Internal Audit

## Human Resource and Remuneration Committee

Bashir Makki  
Chairman

Ali H. Shirazi  
Member

Frahim Ali Khan  
Member

Ahmar Waheed  
Secretary

## Management Committee

Ali H. Shirazi  
President / Chief Executive

Talha Saad  
Managing Director

Mohsin Khan  
General Manager Marketing

Muhammad Iqbal  
General Manager Supply Chain

Muhammad Jamil Awan  
General Manager Quality Assurance

Ahmar Waheed  
General Manager Human Resource

Mansoor Jamil Khan  
General Manager Engineering & Projects

Nehal Asghar  
General Manager Plant

Qasim Imran Khan  
General Manager Information Technology

Rizwan Ahmed  
Chief Financial Officer & Company Secretary

Adeel Sartaj  
Manager Quality Assurance

## Auditors

Hameed Chaudhri & Co.  
Chartered Accountants

## Legal Advisors

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

## Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

# COMPANY INFORMATION

## Bankers

Allied Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Tokyo-Mitsubishi UFJ, Limited  
United Bank Limited

## Share Registrar

Hameed Majeed Associates (Pvt) Limited  
Karachi Chambers, Hasrat Mohani Road,  
Karachi.  
Tel: (021) 32424826 & 32412754  
Fax: (021) 32424835  
E-mail: shares@hmaconsultants.com.pk

## Registered Office & Factory

D-181, Central Avenue, S.I.T.E.,  
Karachi-75730  
Tel: (021) 32567990-94  
Fax: (021) 32564703

## Zonal Office Karachi

4-C, Khayaban-e-Tanzeem,  
Tauheed Commercial,  
Phase V, D.H.A., Karachi  
Tel: (021) 35877911-15  
Fax: (021) 35877916

## Sukkur Office

F-33/4, Barrage Colony,  
Workshop Road, Sukkur  
Tel: (071) 5612532  
Fax: (071) 5612532

## Zonal Office Lahore

Plaza No. 68/1, XX-Block,  
Khayaban-e-Iqbal, Phase 3,  
D.H.A, Lahore  
Tel: (042) 37186388-90  
Fax: (042) 37186391

## Faisalabad Office

54-Chenab Market,  
Madina Town, Faisalabad  
Tel: (041) 8713127  
Fax: (041) 8726628

## Multan Office

Azmat Wasti Road,  
Chowk Dera Adda, Multan-60000  
Tel: (061) 4548017

## Peshawar Office

Ground Floor, Zeenat Plaza,  
Near General Bus Stand,  
G.T. Road, Peshawar  
Tel: (091) 2262485

## Islamabad Office

Plot No. 23, Ground Floor,  
Sector I-11/3, Near Nescom,  
Islamabad  
Tel: (051) 4863962-63

## Sahiwal Office

647-V-7, Al-Hilal Building,  
Nishter Road, Sahiwal-57000  
Tel: (040) 4461539

## Company Website

[www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)

## Email Address

[abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk)

# CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited condensed interim results of your Company for the quarter ended September 30, 2015.

## ECONOMY

The Pakistan economic indicators in the current fiscal year have moved in a favourable direction. Political stability coupled with improved law and order has improved investor and consumer confidence. GDP growth is on course to surpass 4.2% achieved in FY 2014-15. This is largely due to lowering of discount rate, falling inflation and higher consumer activity on the back of lower commodity prices, in particular oil. Large Scale Manufacturing (LSM) is expected to gain further traction at the back of improvement in energy supplies. Implementation of infrastructure development and energy projects under China Pakistan Economic Corridor (CPEC) will further enhance the improving investment environment. Therefore, there is anticipation of higher economic activity in FY 2015-16 which is expected to boost credit offtake. CPI inflation continues to follow a downward trajectory and stands at 3.6% for two months of FY 2015-16 as compared to 4.5% in FY 2014-15 mainly due to falling international oil prices. Pak Rupee depreciated by 2.6% against US Dollar during the period under review due to improving US economic climate and expected interest rate hike by the Federal Reserve. Foreign remittances grew to US\$ 3.2 billion during July-August 2015, up 5.4% as compared to US\$ 3.0 billion in the corresponding period last year. Exports decreased to US\$ 3.5 billion during July-August 2015, down by 6.9% as compared to US\$ 3.8 billion in the corresponding period last year. Imports decreased to US\$ 6.7 billion during July-August 2015, down by 16.5% as compared to US\$ 8.0 billion in the corresponding period last year. These factors culminated in a current account deficit of US\$ 3.2 billion, down by 25.2% as compared to US\$ 4.2 billion in the corresponding period last year. The current macro-economic stabilization has thus opened a window of opportunity to gear up structural reforms to ensure improvements in the economy are sustainable.

## OPERATING RESULTS

During 1st quarter, your Company achieved sales growth of 15.7% with net revenue of Rs.3,875 million as compared to Rs.3,349 million for the same quarter of last year. However, cost of sales for the same quarter also increased from Rs.2,932 million to Rs.3,262 million, up 11.2%. Decrease in raw material prices helped the gross profit ratio which stood at 15.8% as compared to 12.4% in the corresponding quarter of last year.

Operating expenses at Rs.185 million increased by Rs.43 million as compared to Rs.142 million in the corresponding quarter of last year. Other income reduced from Rs.21 million to the loss of Rs.27 million mainly due to unrealized loss on investment in mutual funds. Profit from operations increased to Rs.363 million from Rs.255 million, up 42.4%. Finance cost decreased to Rs.13 million from Rs 39 million, down Rs.26 million as compared to corresponding quarter.

Thus, profit before tax for 1st quarter of 2015-16 stood at Rs.350 million as compared to Rs.216 million in the corresponding quarter of last year, up 62.0%. After providing Rs.98 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.252 million as compared to Rs.157 million, up 60.2%. Earnings per share for the quarter improved from Rs.9.03 to Rs.14.47 for the same period.

## FUTURE OUTLOOK

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the automotive industry. During two months of FY 2015-16, sales of locally manufactured cars, trucks, buses, etc. increased by 60.5% to 40,835 units from 25,440 units during the corresponding period last year. Motorcycles and three wheelers segment (assemblers who are registered with PAMA) witnessed growth of 27.1% to 141,574 units from 111,349 units during the corresponding period last year. This situation is likely to prevail during the remaining period of FY 2015-16.

The management of your Company is determined to become more efficient through curbing costs, maintaining quality of product and service meanwhile also focusing on growth in sales for improved market penetration. This will result in substantial improvement in financial performance and growth of your Company. The emphasis will be on continuous improvement in human resource capabilities and value addition for shareholders. I am sure your Company will continue to focus on productivity while meeting customers' need with improved quality by following the principles of "The Atlas Way":

ہے ایں سعادت بزورِ بازو نیست  
تانه بخشند خدائے بخشنده

(It is almighty that serves the cause!)

## ACKNOWLEDGEMENTS

I would like to thank our JV Partners GS Yuasa International Limited; Japan, Board of Directors, our bankers, shareholders, vendors and customers for their continuous support and guidance. I also thank Mr. Ali H. Shirazi; President and Chief Executive of your Company and the management team for their dedication and commitment to achieve sustained growth year after year.



Yusuf H. Shirazi  
Chairman

Karachi: October 26, 2015

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2015

	Note	Unaudited September 30, 2015 ----- (Rupees in '000)-----	Audited June 30, 2015 -----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,056,253	1,994,955
Intangible assets		9,278	10,743
Investments		-	-
Long term loans		1,178	1,103
Long term deposits		13,777	13,777
		<u>2,080,486</u>	<u>2,020,578</u>
<b>Current assets</b>			
Stores, spares and loose tools		141,866	110,788
Stock-in-trade	6	1,604,640	1,608,783
Trade debts	7	752,178	131,810
Loans and advances		5,957	27,727
Deposits and prepayments	8	174,822	11,361
Investments	9	945,045	918,737
Other receivables		2,317	8,913
Taxation - net		259,097	481,100
Bank balances	10	144,549	78,318
		<u>4,030,471</u>	<u>3,377,537</u>
<b>Total assets</b>		<u><u>6,110,957</u></u>	<u><u>5,398,115</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital 50,000,000 (June 30, 2015: 50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid up capital 17,399,769 (June 30, 2015: 17,399,769) ordinary shares of Rs.10 each		173,998	173,998
General reserve		2,827,500	2,027,500
Unappropriated profit		262,210	1,019,277
<b>Total equity</b>		<u>3,263,708</u>	<u>3,220,775</u>
<b>Surplus on revaluation of leasehold land</b>		193,886	193,886
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		63,623	60,226
Deferred taxation		180,494	208,181
		<u>244,117</u>	<u>268,407</u>
<b>Current liabilities</b>			
Trade and other payables		1,191,963	910,253
Sales tax payable - net		19,291	86,647
Accrued mark-up		11,181	8,384
Short term borrowings	11	1,158,624	709,763
Dividend payable		28,187	-
		<u>2,409,246</u>	<u>1,715,047</u>
<b>Total liabilities</b>		<u>2,653,363</u>	<u>1,983,454</u>
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<u><u>6,110,957</u></u>	<u><u>5,398,115</u></u>


The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Yusuf H. Shirazi  
Chairman



Ali H. Shirazi  
President / Chief Executive





Frahim Ali Khan  
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter Ended September 30,	
		2015	2014
		----- (Rupees in '000) -----	
Sales		3,875,051	3,349,115
Cost of sales	13	(3,261,587)	(2,932,237)
<b>Gross profit</b>		613,464	416,878
Distribution cost		(119,215)	(90,938)
Administrative expenses		(65,731)	(50,656)
Other income		(26,940)	20,873
Other expenses		(38,732)	(41,381)
<b>Profit from operations</b>		362,846	254,776
Finance cost		(12,867)	(38,768)
<b>Profit before taxation</b>		349,979	216,008
Taxation	14	(98,249)	(58,874)
<b>Profit after taxation</b>		251,730	157,134
Other comprehensive income		-	-
<b>Total comprehensive income</b>		251,730	157,134
		----- (Rupees) -----	
<b>Earnings per share - basic and diluted</b>		14.47	9.03

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
**Yusuf H. Shirazi**  
Chairman

  
**Ali H. Shirazi**  
President / Chief Executive

  
**Frahim Ali Khan**  
Director



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

## FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Quarter Ended	
	September 30,	
	2015	2014
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	349,979	216,008
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation of operating fixed assets	47,306	34,660
Amortisation of intangible assets	1,465	498
Provision for gratuity	1,758	1,810
Provision for compensated leave absences	3,362	6,851
Gain on sale of investments	-	(6,207)
Dividend income	(45,795)	(1,876)
Net change in fair value of investments at fair value through profit or loss	73,692	(6,230)
Gain on sale of operating fixed assets	(30)	(799)
Provision for doubtful debts	3,090	-
Finance cost	12,867	38,768
Mark-up income	(52)	-
<b>Operating profit before working capital changes</b>	447,642	283,483
<b>Changes in working capital:</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(31,078)	(22,799)
Stock-in-trade	4,143	141,924
Trade debts	(623,458)	(5,890)
Loans and advances	21,770	13,007
Deposits and prepayments	(163,461)	(151,601)
Other receivables	6,596	7,580
	(785,488)	(17,779)
Increase / (decrease) in current liabilities:		
Trade and other payables	280,029	29,824
Sales tax payable - net	(67,356)	38,906
	212,673	68,730
	(572,815)	50,951
<b>Cash (used in) / generated from operations</b>	(125,173)	334,434
Finance cost paid	(10,070)	(27,139)
Mark-up income received	52	-
Income taxes paid (including tax deducted at source)	96,067	(118,314)
Compensated leave absences paid	(42)	(67)
Long term deposits - net	-	(285)
Long term loans - net	(75)	92
	85,932	(145,713)
<b>Net cash (used in) / generated from operating activities c/f</b>	(39,241)	188,721

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter Ended	
	September 30,	
	2015	2014
	----- (Rupees in '000) -----	
<b>Net cash generated from / (used in) operating activities b/f</b>	(39,241)	188,721
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(115,685)	(145,281)
Proceeds from sale of property, plant and equipment	7,111	1,724
Investments acquired	(100,000)	(6,407)
Proceeds from sale of investments	-	305,457
Dividend received	45,795	1,876
<b>Net cash (used in) / generated from investing activities</b>	(162,779)	157,369
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	448,861	(89,949)
Dividend paid	(180,610)	(150,508)
<b>Net cash generated from / (used in) financing activities</b>	268,251	(240,457)
<b>Net increase in cash and cash equivalents</b>	66,231	105,633
<b>Cash and cash equivalents - at beginning of the period</b>	78,318	6,089
<b>Cash and cash equivalents - at end of the period</b>	144,549	111,722

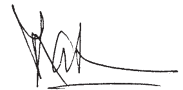
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Frahim Ali Khan**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Issued, subscribed and paid up capital	General reserves	Unappropriated Profit	Total
----- (Rupees in '000) -----				
<b>Balance as at July 1, 2014</b>	173,998	1,477,500	733,068	2,384,566
Transfer to general reserve	-	550,000	(550,000)	-
<b>Transactions with owners</b>				
Cash dividend for the year ended June 30, 2014 at the rate of Rs.10 per share	-	-	(173,998)	(173,998)
<b>Total comprehensive income for the quarter ended September 30, 2014</b>				
Profit for the quarter	-	-	157,134	157,134
Other comprehensive income	-	-	-	-
	-	-	157,134	157,134
<b>Balance as at September 30, 2014</b>	173,998	2,027,500	166,204	2,367,702
<b>Total comprehensive income for the period ended June 30, 2015</b>				
Profit for the period	-	-	856,790	856,790
Other comprehensive loss	-	-	(3,717)	(3,717)
	-	-	853,073	853,073
<b>Balance as at June 30, 2015</b>	173,998	2,027,500	1,019,277	3,220,775
Transfer to general reserve	-	800,000	(800,000)	-
<b>Transaction with owners</b>				
Cash dividend for the year ended June 30, 2015 at the rate of Rs.12 per share	-	-	(208,797)	(208,797)
<b>Total comprehensive income for the quarter ended September 30, 2015</b>				
Profit for the quarter	-	-	251,730	251,730
Other comprehensive income	-	-	-	-
	-	-	251,730	251,730
<b>Balance as at September 30, 2015</b>	173,998	2,827,500	262,210	3,263,708

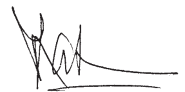
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**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Fahim Ali Khan**  
Director

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries. The registered office and manufacturing facilities are located at D-181, Central Avenue, S.I.T.E., Karachi with branches at Karachi, Lahore, Multan, Islamabad, Faisalabad, Sahiwal, Peshawar and Sukkur.

## 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2015.

## 3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015 except as follows:

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2015. The adoption of these new and amended standards did not have any effect on this condensed interim financial information.

## 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements of the Company for the year ended June 30, 2015.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	Unaudited September 30, 2015	Audited June 30, 2015
---- (Rupees in '000) ----			
Operating fixed assets	5.1	1,914,286	1,894,974
Capital work-in-progress	5.5	141,967	99,981
		<u>2,056,253</u>	<u>1,994,955</u>

		Unaudited September 30, 2015	Audited June 30, 2015
	Note	---- (Rupees in '000) ----	
<b>5.1 Operating fixed assets</b>			
Net book value at beginning of the period / year		1,894,974	1,383,865
Additions during the period / year	5.2	73,698	667,997
Revaluation of leasehold land during the period		-	20,100
Disposals and write-offs, costing Rs.13,410 thousand (June 30, 2015: Rs.41,004 thousand)			
- at net book value	5.3	(7,080)	(17,767)
Depreciation charged during the period / year		(47,306)	(159,221)
		<u>1,914,286</u>	<u>1,894,974</u>
<b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b>			
Buildings on leasehold land		-	162,332
Plant and machinery		55,106	440,214
Office equipment		80	5,941
Computer and accessories		2,098	9,875
Furniture and fixtures		-	6,860
Air conditioners		953	3,518
Vehicles		15,461	39,257
		<u>73,698</u>	<u>667,997</u>
<b>5.3 Disposals and write-offs during the period / year:</b>			
Plant and machinery		-	2,511
Computers and accessories		-	133
Furniture and fixtures		-	18
Air conditioners		-	133
Vehicles		7,080	14,972
		<u>7,080</u>	<u>17,767</u>
<b>5.4</b>			
Operating fixed assets include certain dies and moulds having cost aggregating Rs.77,923 thousand (June 30, 2015: Rs.77,923 thousand) and net book value of Rs.51,758 thousand (June 30, 2015: Rs.53,085 thousand) which are used by various vendors of the Company for producing certain parts for supply to the Company.			
		Unaudited September 30, 2015	Audited June 30, 2015
	Note	---- (Rupees in '000) ----	
<b>5.5 Capital work-in-progress</b>			
Leasehold land		-	2,275
Buildings on leasehold land		49,595	38,282
Plant and machinery		72,974	57,759
Office equipment		-	721
Furniture and fixtures		3,068	944
Vehicles	5.5.1	16,330	-
		<u>141,967</u>	<u>99,981</u>
<b>5.5.1</b>			
Includes advance of Rs.10,786 thousand (June 30, 2015: Rs.Nil) made to related parties.			

		Unaudited September 30, 2015	Audited June 30, 2015
	Note	---- (Rupees in '000)-----	
<b>6. STOCK-IN-TRADE</b>			
Raw materials and components:			
- in hand		753,552	840,804
- with third parties		40,576	35,290
		794,128	876,094
Work-in-process		542,563	541,194
Finished goods		199,104	80,684
Items in transit		68,845	110,811
		1,604,640	1,608,783
<b>7. TRADE DEBTS - Unsecured</b>			
<b>Consider good</b>			
Associated Companies		53,018	77,603
Others		699,160	54,207
		752,178	131,810
<b>Consider doubtful</b>			
Others		6,023	2,933
		758,201	134,743
Less: Provision for doubtful debts		(6,023)	(2,933)
		752,178	131,810
<b>8. DEPOSITS AND PREPAYMENTS</b>			
Deposits and margins		4,121	6,713
Prepayments		170,701	4,648
		174,822	11,361
<b>9. INVESTMENTS - at fair value through profit or loss</b>			
Investments in units of mutual funds:			
- Related parties		883,118	857,687
- Others		61,927	61,050
		945,045	918,737
<b>10. BANK BALANCES</b>			
Balances with banks on current accounts		6,219	34,506
Cheques-in-hand	10.1	138,330	43,812
		144,549	78,318
<b>10.1</b>	Represents banking instruments received by the Company from dealers at regional offices in respect of sales but not deposited in the Company's bank account till reporting date.		
		Unaudited September 30, 2015	Audited June 30, 2015
		---- (Rupees in '000)-----	
<b>11. SHORT TERM BORROWINGS - Secured</b>			
Running finances / musharakah		936,624	709,763
Demand finances		222,000	-
		1,158,624	709,763
<b>11.1</b>	Short term borrowings include Rs.465,921 thousand (June 30, 2015: Rs.554,864 thousand) payable to Meezan Bank Limited - an Associated Company.		

## 12. CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

There has been no significant change in the status of contingencies as reported in note 25.1 to the preceding audited annual financial statements of the Company for the year ended June 30, 2015.

	Unaudited September 30, 2015	Audited June 30, 2015
Note	---- (Rupees in '000)  -----	
12.2 Outstanding bank guarantees	53,662	53,662
<b>12.3 Commitments</b>		
In respect of letters of credit relating to:		
- raw materials, stores, spares and loose tools	337,107	355,768
- capital expenditure	28,698	29,890
In respect of capital expenditure other than through letters of credit		
	160,748	143,737
	<u>526,553</u>	<u>529,395</u>

	----- Unaudited ----- Quarter ended September 30, 2015	2014
	---- (Rupees in '000)  -----	

## 13. COST OF SALES

Opening stock of finished goods	80,684	111,728
Cost of goods manufactured	3,127,510	2,866,561
Purchases	252,497	227,593
	<u>3,460,691</u>	<u>3,205,882</u>
Closing stock of finished goods	(199,104)	(273,645)
	<u>3,261,587</u>	<u>2,932,237</u>
<b>13.1 Cost of goods manufactured</b>		
Opening work-in-process	541,194	517,413
Raw materials and components consumed	2,406,034	2,368,148
Factory overheads	722,845	585,991
	<u>3,128,879</u>	<u>2,954,139</u>
Closing work-in-process	3,670,073	3,471,552
	(542,563)	(604,991)
	<u>3,127,510</u>	<u>2,866,561</u>
<b>14. TAXATION</b>		
Current year	125,936	59,706
Deferred	(27,687)	(832)
	<u>98,249</u>	<u>58,874</u>

## 15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statement of the Company as at June 30, 2015.

There have been no changes in the risk management policies since the year end.

## 16. TRANSACTIONS WITH RELATED PARTIES

16.1 Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	----- Unaudited ----- Quarter ended September 30, 2015                      2014 ---- (Rupees in '000) ----	
(i) Associates	Sales of:		
	- goods	472,453	363,219
	- operating fixed assets	1,771	-
	Purchases of:		
	- goods and services	2,035,087	926,657
	- operating fixed assets	50,713	21,046
	Rent / service charges paid	167,878	142,777
	Mark-up on short term borrowings	5,142	3,175
	Mark-up paid	3,700	3,918
	Reimbursement of expenses	332	887
	Insurance premium	63,467	65,451
	Insurance claims	9,038	8,463
	Purchase of units in mutual funds	100,000	6,407
	Sale of units in mutual funds	-	305,457
	Dividend received	45,795	1,876
	Dividend paid	130,379	111,260
	Royalty and technical fee	36,137	31,038
Donation paid	14,807	10,228	
Contribution to pension funds	2,290	1,718	
(ii) Staff retirement funds	Contribution paid to		
	- provided fund	1,813	1,096
(iii) Key management personnel	Remuneration and other benefits	25,326	46,493
	Retirement benefits	1,675	3,937
	Sale of fixed	2,512	175



16.2 Period / year end balances of related parties other than disclosed any where else are as follows:

	Unaudited September 30, 2015 ---- (Rupees in '000)----	Audited June 30, 2015
<b>Receivables from related parties</b>		
Deposits and prepayments	134,556	4,648
Other receivables	-	6,119
<b>Payables to related parties</b>		
Trade and other payables	312,533	211,071
Accrued mark-up	5,142	3,699

## 17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 26, 2015 by the Board of Directors of the Company.

## 18. CORRESPONDING FIGURES


In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2015, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of condensed interim financial information of the Company for the period ended September 30, 2014.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Fahim Ali Khan**  
Director

## Atlas Battery Limited

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

**Tel:** (92-21) 32567990-4

**Fax:** (92-21) 32564703

**Email:** [abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk)

**Website:** [www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)