



QUARTERLY  
REPORT  
March 31, 2005



Atlas Battery Limited

## **CONTENTS**

Company Information	1
Chairman's Review	3
Balance Sheet	5
Profit and Loss Account	6
Cash Flow Statement	7
Statement of Changes in Equity	9
Notes to the Financial Statements	10

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Chief Executive	Vazeer Ali
Directors	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Javaid Anwar
	Muhammad Atta Karim
	Yoshitami Saito
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

President	Aamir H. Shirazi
Members	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	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 Hassan

### MANAGEMENT COMMITTEE

Chief Executive	Vazeer Ali
Vice Executive Officer	Kanji Kobayashi
Chief Financial Officer	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Plant	Shahzad Ahmad Khan
General Manager Human Resources	Zamir Haider



# Atlas Battery Limited

## COMPANY INFORMATION

---

<b>Auditors</b>	Hameed Chaudhri & Co. Chartered Accountants
-----------------	--

---

<b>Legal Advisor</b>	Mohsin Tayebaly & Co.
----------------------	-----------------------

---

<b>Tax Advisor</b>	Ford Rhodes Sidat Hyder & Co.
--------------------	-------------------------------

---

<b>Bankers</b>	Bank Al-falah Limited Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi Limited
----------------	--

---

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

---

<b>Zonal Office Karachi</b>	PPI Building, Near Sindh Secretariat Building, Shahra-e-Kamal Ataturk, Karachi-74200 Tel: 2636057 - 2626478 - 2610145
-----------------------------	---

---

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

---

<b>Zonal Office Lahore</b>	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 7227075 - 7354245 - 7359522 Fax: 7352724
----------------------------	---

---

<b>Faisalabad Office</b>	54-Chenab Market, Madina Town, Faisalabad Tel: 713127 Fax: 726628
--------------------------	--

---

<b>Multan Office</b>	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 4786055 - 4548017
----------------------	--

---

<b>Peshawar Office</b>	1st Floor, Zeenat Plaza, near General bus stand, G.T. Road, Peshawar Tel: 262485
------------------------	---

---

<b>Rawalpindi Office</b>	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 5567423
--------------------------	---

---

<b>Sahiwal Office</b>	647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000 Tel: 61539
-----------------------	---

---

## CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited Accounts of your Company for the third quarter ended March 31, 2005.

### Economy

The fiscal year 2004-05 began on a positive note. During the nine months period ending March 31, 2005, the agriculture, industry and service sectors all performed well. Exports during the period at \$10.2 billion reflected a growth of 14.6% and imports at \$ 14.47 billion were up 37.8% over the corresponding period last year. As a result the trade deficit during the period surged to \$ 4.26 billion as against deficit of \$1.59 billion during the corresponding period last year. The extraordinary increase in trade deficit was due to higher international oil prices, increased demand of furnace oil and greater import of textile and construction machinery. The current account position, however, remained satisfactory due to foreign remittances. The foreign exchange position also remained firm with reserve at \$ 12.7 billion. Revenue collection during the period rose to Rs. 398.2 billion compared to Rs.353.3 billion during the corresponding period last year. These are all positive indicators and it is hoped that the target of 7% GDP growth set for the fiscal year 2004-05 will be achieved.

On the other hand, inflation continued to rise during the period and crossed 10% as compared to 3.70% during the corresponding period last year despite some control on domestic oil prices and State Bank of Pakistan's efforts to curtail it by raising interest rates. During the period under review, six months T-bill rates were raised from 2.23% to 5.69%. State Bank of Pakistan also raised the discount rate from 7.5% to 9% in mid April 2005 which had an adverse impact on the stock and money markets.

### Operating Results

Net sales revenue for the quarter was Rs.229.7 million, up 30% as compared to the revenue of Rs.176.7 million for the same period last year. The gross profit was Rs.35.4 million as against Rs.40.1 million last year. Gross profit remained under pressure as a result of international increase in raw material prices cost push which Company could not pass on to the consumer.

Operating expenses increased by 22% due to increase in sales, i.e. 10.3% as against 11% for the same period last year. Operating profit was thus reduced to Rs.11.7 million. Financial and other charges increased to Rs.3.3 million as compared to Rs.2.4 million in the corresponding period of last year. Upward trend in financial charges was due to steady increase in mark-up cost and borrowing of medium term loan.

The Profit before Tax for the quarter was Rs.10.0 million compared to Rs.18.8 million for the corresponding period of last year. After making a provision of Rs.3.5 million in respect of current taxation, the after Tax Profit of your Company was Rs.6.5 million compared to Rs.12.2 million of corresponding period of last year. Earnings per share stood at Rs.1.42 as against Rs.3.72 for the same period last year.

For the nine months ended, net sales revenue rose by 24% to Rs. 681.3 millions from Rs.548.8 million of corresponding period last year. Profit after tax for the nine months stood at Rs.29.6 million as compared to Rs.74.9 million (including capital gains of Rs.32 million) last year. Earning per share remained at Rs.6.45 and return on equity was 13.3% as compared to Rs.22.81 and 36.6% respectively for the same period last year.

### **Future Outlook**

Government strategic economic policies supplemented by good agriculture crops of cotton, wheat and sugar will assist in increasing overall economic growth. On the other hand, the major economic indicators are showing healthy growth. GDP and industrial production are expected to exceed their envisaged targets of 6.6% and 9.8% respectively. All these will help in accelerating the pace of economic activities in the country.

Continuity in robust growth of automobile sector is having a salutary impact on the battery industry. The current fiscal year is expected to have an all time high vehicle production and sale of 180,000 units including car sales of over 130,000 units due to capacity expansion by the leading car manufacturers. Facilitating financing at affordable mark-up rates, introduction of new models by the local manufacturers, presence of imported counterparts and expansion of production capacity by local manufacturers are expected to push car production and sales to new heights in the following years, thus ultimately resulting in increased demand of automotive batteries.

Presently, the profitability of battery industry in Pakistan is under pressure because of unprecedented cost increase of raw materials in the international market coupled with the domestic inflationary cost push has a downside effect on profitability. However, the Management of your Company will continue to focus on quality, cost control, delivery (QCD) and productivity to improve upon its competitiveness to ensure better profitability. Your Management is fully aware of the upcoming challenges and opportunities of WTO and SAFTA and is prepared to meet them.

اک گونا بے خودی مجھے دن رات چاہیے

(we are committed to grow in whatsoever circumstances!)

### **Acknowledgement**

I would like to thank our Japanese Joint venture partner, our bankers, shareholders, members of the Board of Directors, vendors and customers for their continued support. I also thank Group Executive Committee, the Chief Executive Officer, Mr. Vazeer Ali and his team, staff and associates for their dedication and commitment in achieving results under difficult times.

Karachi: April 27, 2005

Yusuf H. Shirazi

**BALANCE SHEET (UNAUDITED)**


AS AT MARCH 31, 2005


(All amounts in Rupees thousands)

	Notes	March 31 2005	June 30 2004
<b>ASSETS</b>			
<b>Non current assets</b>			
Operating fixed assets-tangible	4	102,532	92,888
Intangible		-	750
Capital work in progress		8,207	340
Long term deposits		2,615	533
<b>Current Assets</b>			
Stores, spares & tools		6,848	5,473
Stock-in-trade		220,794	103,212
Trade debtors		54,429	39,726
Advances, deposits, prepayments & other receivables		23,755	31,698
Trade & other deposits		2,070	3,188
Short Term Investment - available for sale		38,979	72,043
Cash & bank balances		2,794	26,421
		349,669	281,761
<b>TOTAL ASSETS</b>		<b>463,023</b>	<b>376,272</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital &amp; reserves</b>			
Authorised capital			
10,000,000 ordinary shares of Rs.10/- each.		100,000	100,000
Issued, subscribed and paid up capital		45,977	32,841
Reserves & Unappropriated profit			
Reserves		146,500	146,500
Unappropriated profit		30,842	34,040
		177,342	180,540
Shareholders' Equity		223,319	213,381
<b>Non current liabilities</b>			
Long Term Loans		36,000	-
Deferred Liabilities			
Provision for gratuity		1,222	2,411
Deferred taxation		16,436	13,271
		17,658	15,682
<b>Current liabilities</b>			
Short term financing		90,585	34,683
Current maturity of long term loans		2,000	-
Creditors, accrued charges, provisions & other liabilities		78,093	82,598
Provision for taxation		15,368	29,928
		186,046	147,209
<b>Contingent liabilities &amp; commitments</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>463,023</b>	<b>376,272</b>

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

  
Aitzaz Shabbaz  
Director

  
Vazeer Ali  
Chief Executive

  
Yusuf H. Shirazi  
Chairman



# Atlas Battery Limited

## PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2005


(All amounts in Rupees thousands)

	Notes	Quarter ended		Nine months ended	
		March 31 2005	March 31 2004	March 31 2005	March 31 2004
NET SALES		229,742	176,700	681,283	548,812
COST OF SALES	6	194,362	136,643	558,320	414,811
GROSS PROFIT		35,380	40,057	122,963	134,001
OPERATING EXPENSES					
Administrative expenses		9,014	6,326	29,908	18,376
Selling and distribution expenses		14,715	13,122	44,434	40,124
		23,729	19,448	74,342	58,500
OPERATING PROFIT		11,651	20,609	48,621	75,501
MISCELLANEOUS INCOME		1,625	574	4,826	33,646
		13,276	21,183	53,447	109,147
OTHER CHARGES					
Financial expenses		2,547	992	5,776	3,133
Workers' profit participation fund		539	1,010	2,386	5,301
Workers' welfare fund		202	383	907	2,014
		3,288	2,385	9,069	10,448
PROFIT BEFORE TAX		9,988	18,798	44,378	98,699
PROVISION FOR TAXATION					
Current		3,462	6,580	11,570	23,785
Deferred		-	-	3,165	-
		3,462	6,580	14,735	23,785
PROFIT AFTER TAX		6,526	12,218	29,643	74,914
BASIC EARNINGS PER SHARE		1.42	3.72	6.45	22.81
BASIC EARNINGS PER SHARE (ADJUSTED)			2.66		16.29

The annexed notes form an integral part of these financial statements

  
**Aitzaz Shabbaz**  
 Director

  
**Vazeer Ali**  
 Chief Executive

  
**Yusuf H. Shirazi**  
 Chairman



## CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2005

(All amounts in Rupees thousands)

	Nine months ended March 31	
	2005	2004
<b>Net profit before taxation</b>	44,378	98,699
Adjustments for:		
Depreciation	12,494	8,861
Amortization	1,107	-
Markup / interest expenses	4,814	1,906
Profit on sale of fixed assets	(528)	(246)
Profit on remeasurement /sale of Investment	(3,823)	(31,995)
Provision for gratuity	87	1,694
	14,151	(19,780)
<b>Operating profit before working capital changes</b>	58,529	78,919
<b>Working capital changes:</b>		
(Increase) / Decrease in Current Assets		
Stores, spares & tools	(1,375)	(405)
Stock-in-trade	(117,582)	21,025
Trade debtors	(14,703)	3,162
Advances, deposits & prepayments (excluding tax deducted at source)	2,128	(2,305)
Trade & other deposits	1,118	(216)
	(130,414)	21,261
<b>Increase / (Decrease) in Current Liabilities</b>		
Creditors, provisions, accrued charges & other liabilities (excluding accrued interest / markup and unclaimed dividend)	(5,667)	(12,139)
Working Capital changes	(136,081)	9,122
<b>Cash (used-in)/generated from operations</b>	(77,552)	88,041
<b>Analysis of changes in cash &amp; cash equivalents</b>		
Balance at beginning of period	26,421	16,598
Net Cash (outflow)	(23,627)	(11,689)
Balance at end of period	2,794	4,909



# Atlas Battery Limited

## CASH FLOW STATEMENT (UNAUDITED)


FOR THE PERIOD ENDED MARCH 31, 2005


(All amounts in Rupees thousands)

	Nine months ended March 31	
	2005	2004
<b>Cash (used-in)/generated from operations</b>	(77,552)	88,041
Markup/interest paid	(3,593)	(2,251)
Gratuity paid	(1,276)	(886)
Income taxes paid	(20,315)	(16,832)
Long term deposits	(2,082)	759
<b>Net cash (used-in)/generated from operations</b>	(104,818)	68,831
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(31,059)	(10,072)
Intangible assets	(357)	-
Sale proceeds of fixed assets	1,581	3,494
Sale proceeds of Investment	36,887	35,817
Short term Investment	-	(69,810)
<b>Net cash generated/(used-in) from investing activities</b>	7,052	(40,571)
<b>Net cashflow before financing activities</b>	(97,766)	28,260
<b>Financing activities</b>		
Increase in short term borrowings	55,903	(22,815)
Increase in long term borrowings	40,000	-
Repayment of long term borrowings	(2,000)	-
Equity dividend paid	(19,764)	(17,134)
<b>Net cash generated/(used-in) from financing activities</b>	74,139	(39,949)
<b>Decrease in cash &amp; cash equivalents</b>	(23,627)	(11,689)

The annexed notes form an integral part of these financial statements

  
Aitzaz Shabbaz  
Director

  
Vazeer Ali  
Chief Executive

  
Yusuf H. Shirazi  
Chairman


## STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2005


(All amounts in Rupees thousands)

	Share Capital	General Reserve	Reserve for issue of bonus shares	Unappro- priated profit	Total
Balance as at June 30, 2003 (Audited) (as perviously stated)	28,557	96,500	4,284	524	129,865
Effect of change in accounting policy (note 2.2)					
Proposed dividend	-	-	-	17,134	17,134
Bonus share	-	-	(4,284)	4,284	-
Balance as at June 30, 2003 - restated	28,557	96,500	-	21,942	146,999
Dividend	-	-	-	(17,134)	(17,134)
Bonus share	4,284	-	-	(4,284)	-
Profit for the period after taxation	-	-	-	74,914	74,914
Balance as at March 31, 2004 - restated	32,841	96,500	-	75,438	204,779
Profit for the period after taxation	-	-	-	8,602	8,602
Transfer	-	50,000	-	(50,000)	-
Balance as at June 30, 2004 - restated	32,841	146,500	-	34,040	213,381
Dividend	-	-	-	(19,705)	(19,705)
Bonus share	13,136	-	-	(13,136)	-
Profit for the period after taxation	-	-	-	29,643	29,643
<b>Balance as at March 31, 2005</b>	<b>45,977</b>	<b>146,500</b>	<b>-</b>	<b>30,842</b>	<b>223,319</b>

The annexed notes form an integral part of these financial statements

  
Aitzaz Shabbaz  
Director

  
Vazeer Ali  
Chief Executive

  
Yusuf H. Shirazi  
Chairman



## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2005

### 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

- 2.1 The accounting policies and methods of computation adopted for the preparation of the financial statements for the period ended March 31, 2005 are the same as those applied in the preparation of the annual audited financial statements for the year ended June 30, 2004, except for the changes as mentioned in note 2.2.
- 2.2 The Securities and Exchange Commission of Pakistan has substituted the Fourth Schedule to the Companies Ordinance 1984, which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy for recognition of dividends declared subsequent to the year / period end. The change in accounting policy has been accounted for retrospectively and the comparative information has been restated in accordance with the benchmark treatment specified in International Accounting Standard 8 "Net Profit or Loss for the period, Fundamental Errors and Changes in Accounting Policies". Had there been no change in the accounting policy, the unappropriated profit carried forward would have been lower and the dividend payable would have been higher for the year ended June 30, 2003 and June 30, 2004 by Rs.17.134 million and Rs.19.705 million respectively. The effect of the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the period.
- 2.3 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Financial Reporting Standard (IAS 34) " Interim Financial Reporting " as applicable in Pakistan. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of this standard, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take the precedence.

### 3 GENERAL

- 3.1 In the notes all amounts are shown in rupees thousands.
- 3.2 All figures except June 30, 2004 figures appearing in financial statements are unaudited.

	Nine months ended	
	March 31 2005	March 31 2004
<b>4. OPERATING FIXED ASSETS</b>		
Acquisition		
Owned Assets		
Plant and machinery	4,457	4,724
Moulds, dies & jigs	873	423
Vehicles	3,250	4,553
Office Equipment	-	30
Factory Equipment	14,119	-
Air conditioners	32	50
Computers	461	235
	<u>23,192</u>	<u>10,015</u>
Disposal / Write off		
Owned Assets		
Building	-	45
Plant and machinery	-	3,323
Electric Installation	-	159
Furniture & Fixture	-	640
Moulds, dies & jigs	-	839
Laboratory Equipment	-	43
Vehicles	2,806	5,099
Office Equipment	-	387
Air conditioners	-	281
Factory Equipments	-	438
Workshop Equipments	-	150
Computers	553	1,435
	<u>3,359</u>	<u>12,839</u>

	AS AT	
	March 31 2005	June 30 2004
<b>5. COMMITMENTS</b>		
Confirmed letters of credit relating to:		
Raw materials	36,398	30,071
Stores, spares & tools	1,599	853
Guarantees issued by banks on behalf of Company	992	3,074
Commitment for acquisition of property, plant and equipment	84,020	12,755



# Atlas Battery Limited

Notes	Quarter ended		Nine months ended	
	March 31 2005	March 31 2004	March 31 2005	March 31 2004

## 6. COST OF SALES

Stocks at the beginning	32,192	34,925	13,153	55,349
Cost of goods manufactured	220,052	132,220	603,049	389,964
	252,244	167,145	616,202	445,313
Stocks at the end	57,882	30,502	57,882	30,502
	194,362	136,643	558,320	414,811
6.1 Cost of goods manufactured				
Work in process at the beginning	28,314	25,560	19,046	22,297
Raw material & components consumed	171,368	87,120	476,678	273,976
Overheads	46,631	41,877	133,586	116,028
	246,313	154,557	629,310	412,301
Work in process at the end	26,261	22,337	26,261	22,337
	220,052	132,220	603,049	389,964

Nine months ended	
March 31 2005	March 31 2004

## 7. RELATED PARTY TRANSACTIONS


Sales	95,358	56,488
Purchases	7,698	10,925
Actual reimbursement of expenses	1,229	1,234
Expenses charged to	96	47
Sale of Shares	34	35,816
Payment of Brokerage	-	57
Rent & Insurance premium	11,365	8,427
Insurance Claim	739	-
Purchase of fixed assets	2,273	3,715
Royalty	14,030	11,307
Dividend paid	11,457	9,960
Purchase of natural/oxygen gas	8,034	7,817


All transactions were carried out on commercial terms and conditions and were valued at arm's length price.

## 8. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statement were authorised for issue on April 27, 2005 by the Board of Directors of the Company.

  
Aitzaz Shahbaz  
Director

  
Vazeer Ali  
Chief Executive

  
Yusuf H. Shirazi  
Chairman