

CONTENTS

Company Information	2
Chairman's Review	4
Balance Sheet	6
Profit and Loss Account	7
Cash Flow Statement	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

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	Frahim Ali Khan
	Iftikhar H. Shirazi
	Jawaid Iqbal Ahmed
	Saquist 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
Chief Financial Officer	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	Mohsin Tayebaly & Co.
Tax Advisor	Ford Rhodes Sidat Hyder & Co.
Bankers	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: 713127 Fax: 726628
Multan Office	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 548017
Peshawar Office	1st Floor, Zeenat Plaza, near General bus stand, G.T. Road, Peshawar Tel: 262485
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: 61539
Company Website	www.atlasbattery.com.pk
Email Address	abl@atlasbattery.com.pk

BALANCE SHEET (UNAUDITED)

AS AT MARCH 31, 2006

	Note	March 31, 2006	June 30, 2005
Rupees in '000			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	236,757	151,188
Intangible assets		-	375
Long term investment		-	-
Long term deposits		3,383	2,612
CURRENT ASSETS			
Stores, spare parts and loose tools		8,372	6,601
Stock-in-trade		207,338	211,650
Trade debts		59,603	39,536
Investments- Held for trading		19,237	39,835
Loans and Advances		8,595	18,966
Trade deposits and prepayments		1,106	2,238
Interest accrued		52	107
Income tax refundable		3,253	21
Cash and bank balances		27,740	32,607
		335,296	351,561
TOTAL ASSETS		<u>575,436</u>	<u>505,736</u>
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		52,874	45,977
Reserves - Revenue		190,297	188,544
		243,171	234,521
NON CURRENT LIABILITIES			
Long term financing		48,000	60,000
Deferred Liabilities		45,001	30,913
CURRENT LIABILITIES			
Trade and other payables		85,839	78,201
Mark-up accrued on borrowings		2,141	2,060
Short term borrowings		134,868	74,314
Current portion of long-term financing		12,000	16,000
Provision for taxation		4,416	9,727
		239,264	180,302
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		<u>575,436</u>	<u>505,736</u>

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



 Javaid Anwar
Director



 Vazeer Ali
Chief Executive



 Yusuf H. Shirazi
Chairman

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, 2006.

ECONOMY

Despite the impact of earthquake and constraints imposed by rising energy prices, the economy of Pakistan continued to expand at a solid pace and is expected to remain on a high growth trajectory during the current financial year. The real GDP growth could be modestly below the target at around 6% as against target growth of 8%. This will be largely due to shortfall in the major crops including sugarcane, wheat and cotton and relatively a weaker performance by the large-scale manufacturing. The service sector, is however likely to continue performing better than anticipation due to expansion in the telecommunication and financial sectors. The continued expansion of bank credits by the private sector in recent past is a reflection of positive business sentiments amidst a sustained industrial recovery, which augurs well for the future GDP growth prospects.

INDUSTRY

The automotive industry is considered as mother industry. The growth of automotive industry in Pakistan is also playing a vital role for the growth of battery industry and helping to create a permanent demand for the automotive as well as motorcycle batteries. Resultantly, the organized sector of the battery industry kept pace of growth in the current quarter too. This has helped the organized sector of the battery industry to improve upon capacity utilization and further investment.

The upsurge of 30% in the prices of refined lead and recycled lead, which are basic raw materials of lead acid battery manufacturing, has impacted the battery industry. Under pressure caused by price escalation, the manufacturers of the battery industry in the organized sector were again forced to increase the battery price by 8% with effect from March '06. The influx of cheaper smuggled and replated batteries, which are fulfilling sizeable share of the market demand, are further aggravating the situation. The Government measures against these elements along with reduction of duty rates and other taxes on basic raw materials will certainly help the organized sector, ultimately enhancing the government revenues.

OPERATING RESULTS

Net sales for the 3rd quarter was Rs.294.6 million as compared to Rs.229.7million for the same period last year, up 28.3%. The gross profit was Rs.48.6 million as against Rs.35.4 million last year; thus improving upon the gross profit percentage to 16.5% compared to 15.4% in the corresponding quarter, last year.

Operating expenses increased due to increase in sales volume, however as a percentage of sales revenue these remained at 10.3% - same as in corresponding period last year. Operating profit improved from Rs.11.7 million to Rs.18.1 million due to better G.P. margin. However, financial and other charges increased to Rs.5.6 million as compared to Rs.3.3 million in the corresponding period of last year as a result of higher mark-up rates.

The Profit before tax for the quarter was Rs.14.2 million compared to Rs.10.0 million for the corresponding period of last year, up 42%. After making a provision of Rs.6.7 million

in respect of current and deferred taxation, after tax profit of your Company was Rs.7.5 million compared to Rs.6.5 million of corresponding period of last year.

For the nine months ended, net sales revenue was Rs.875.2 million as compared to Rs.681.3 million for the same period last year, up 28.5%. The gross profit also improved to Rs.134.5 million as against Rs.123.0 million during corresponding period last year.

Operating profit after including other income improved from Rs.53.7 million to Rs.55.2 million. However, Financial and other charges increased significantly from Rs.9.3 million to Rs.18.3 million due to combined effect of increased interest rates on running finances and long-term borrowings. Accordingly, Profit before tax for nine months was Rs.36.9 million as compared to Rs. 44.4 million in the corresponding period of last year. The after tax profit was Rs.20.1 million as against Rs.29.6 million during the same period last year. Earning per share was Rs.3.8 as against Rs.5.6 for the same period last year.

The net cash outflow was Rs.4.9 million against Rs.23.6 million last year. Inventory turnover was 4.6 times and Return on capital employed was 16.3% against 3.3 times and 18.8% respectively for the same period last year. Return on equity was 8.3% and Earning per share was Rs.3.8 as compared to 13.3% and Rs.5.6 for the corresponding period last year.

FUTURE OUTLOOK

The automobile sector, especially cars and light commercial vehicles, have reported substantial increase in their capacities and production to match the growing demand for vehicles, thus resulting in increased demand of automotive batteries. Motorcycle manufacturers have also increased their production in line with demand. 46 Chinese brand assemblers have joined and are helping to spur the demand for motorcycle batteries.

The basic raw material of refined lead and local lead is showing somewhat stability in its price behavior. The management of your Company will deepen its focus on plant expansion, on localization and to improve upon productivity of man, machines and materials - cost control and among others Company's 5S formula - productivity approach - Sorting, Sweeping, Straightening, Standardizing, Sustaining - coupled with 3 R's, respect, recognition and rewards and vice versa, six basics of employee motivation - image of the company, Job security, Career planning, Competitive compensation, Interpersonal relationship and team spirit. With economic stability and handsome growth in demand of automobiles and motorcycle, your Company is expected to perform satisfactorily in the ensuing periods.

عہ کریں گے اہل نظر تازہ بستیاں آباد

(Those with Vision will continue to build, rebuild and build aptly)

ACKNOWLEDGEMENT

I would like to thank Japan storage Battery Company Ltd; Japan, our bankers, shareholders, members of the Board of Directors, vendors and customers for their continued support and guidance. I also thank Group Executive Committee, Group President; Mr. Aamir H. Shirazi, Chief Executive; Mr. Vazeer Ali and his team for their dedication and commitment to achieve your Company's growth in difficult times.



Karachi: April 26, 2006

Yusuf H. Shirazi

CASH FLOW STATEMENT (UNAUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2006


	Nine months ended March 31,	
	2006	2005
	Rupees in '000'	
Net profit before taxation	36,947	44,378
Adjustments for:		
Depreciation	22,552	12,494
Amortization	375	1,107
Markup / interest expenses	14,224	4,814
Profit on sale of property, plant & equipment	(408)	(528)
Provision for gratuity	58	87
Provision for compensated absences	2,610	1,362
Unrealized gain on re-measurement of investments	(1,000)	(3,823)
Gain on sale of investments	(5,674)	-
	32,737	15,513
Operating profit before working capital changes	69,684	59,891
Working capital changes:		
(Increase) / Decrease in Current Assets		
Stores, spares parts & loose tools	(1,771)	(1,375)
Stock-in-trade	4,312	(117,582)
Trade debts	(20,067)	(14,703)
Loan and advances	2,419	2,128
Trade deposits and prepayments	1,132	1,118
Interest accrued	55	-
	(13,920)	(130,414)
(Decrease) / Increase in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	7,640	(7,013)
Working Capital changes	(6,280)	(137,427)
Cash generated from / (utilized in) operations	63,404	(77,536)
Analysis of changes in cash and cash equivalents		
Balance at beginning of year	32,607	26,421
Net Cash outflow	(4,867)	(23,627)
Balance at end of the period	27,740	2,794


CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006

	Nine months ended March 31, 2006	2005 Rupees in '000'
Cash generated from / (utilized in) operations	63,404	(77,536)
Markup/interest paid	(14,143)	(3,593)
Gratuity paid	(94)	(1,276)
Compensated absences paid	(948)	(16)
Income taxes paid	(4,931)	(20,315)
Long term deposits	(771)	(2,082)
Net cash generated from / (utilized in) operations	42,517	(104,818)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(112,460)	(31,059)
Intangible assets	-	(357)
Sale proceeds from property, plant & equipment	4,747	1,581
Investments	(115,260)	-
Sale proceeds of investments	142,532	36,887
Net cash generated from / (utilized in) Investing Activities	(80,441)	7,052
Net cashflow before Financing Activities	(37,924)	(97,766)
FINANCING ACTIVITIES		
Increase in short term borrowings	60,554	55,903
Increase in long term borrowings	-	40,000
Repayment of long term financing	(16,000)	(2,000)
Dividend paid	(11,497)	(19,764)
Cash flow from financing activities	33,057	74,139
Decrease in cash & cash equivalents	(4,867)	(23,627)

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


Javaid Anwar
 Director


Vazeer Ali
 Chief Executive


Yusuf H. Shirazi
 Chairman

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 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 nine months ended March 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, 2005, except for the following:

The management has reclassified available for sale investments to held for trading investment through Profit & Loss account. There is no effect on the results for current or prior periods.

2.02 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting 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

3.01 In the notes all amounts are shown in rupees thousands.

3.02 All figures except June 30, 2005 figures appearing in financial statements are unaudited.

4. FIXED ASSETS

	As at	
	March 31, 2006	June 30, 2005
Property, Plant and Equipment	235,035	140,097
Capital work in progress	1,722	11,091
	236,757	151,188
Property, Plant and Equipment		
Acquisition		
Owned Assets		
Building on leasehold land	7,372	13,796
Plant and machinery	93,221	19,010
Electric installations	6,371	4,810
Air conditioners	-	413
Office equipment	200	-
Laboratory equipment	332	-
Vehicles	8,906	5,436
Fork lifters	1,198	-
Moulds, dies & jigs	601	1,140
Factory equipment	3,359	20,336
Computers	269	1,485
	121,829	66,426
Disposal		
Owned Assets		
Vehicles	7,338	3,063
Computers	-	553
	7,338	3,616

	As at	
	March 31, 2006	June 30, 2005
5. COMMITMENTS		
Confirmed letters of credit relating to:		
Raw materials	38,583	72,285
Stores, spare parts & loose tools	1,061	-
Property, plant and equipment	8,878	65,331
Commitment for Capital expenditures	-	3,933
Guarantees issued by banks on behalf of Company	717	992

	Quarter ended		Nine months ended	
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
6. COST OF SALES				
Stocks at the beginning	6,784	32,192	47,961	13,153
Cost of goods manufactured	6.01 274,972	220,052	728,551	603,049
	281,756	252,244	776,512	616,202
Stocks at the end	35,786	57,882	35,786	57,882
	<u>245,970</u>	<u>194,362</u>	<u>740,726</u>	<u>558,320</u>
6.01 Cost of goods manufactured				
Work in process at the beginning	32,596	28,314	25,517	19,046
Raw material & components consumed	222,223	171,368	571,595	476,678
Overheads	69,289	46,631	180,575	133,586
	<u>324,108</u>	<u>246,313</u>	<u>777,687</u>	<u>629,310</u>
Work in process at the end	49,136	26,261	49,136	26,261
	<u>274,972</u>	<u>220,052</u>	<u>728,551</u>	<u>603,049</u>

	Nine months ended	
	March 31, 2006	March 31, 2005
7. RELATED PARTY TRANSACTIONS		
Sales	124,960	95,358
Purchases	614	7,698
Actual reimbursement of expenses	413	1,229
Expenses charged to	18	96
Sale of Shares	-	34
Rent & Insurance premium	12,765	11,365
Purchase of property, plant & equipment	8,202	2,273
Royalty	18,188	14,030
Dividend paid	6,199	11,457
Purchase of natural gas	12,082	8,034
Sale of property, plant & equipment	844	-
Donation	545	-
Investment	100,260	-
Redemption of Investment	86,773	-
Long term deposit paid	784	-
Interest received	88	-
Insurance claim	2,020	739


	As at	
	March 31, 2006	June 30, 2005
Period end balances of Related Parties		
Receivable from	15,266	3,445
Payable to	19,721	18,995

8. DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorised for issue on April 26, 2006 by the Board of Directors of the Company.



Javaid Anwar
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman


PROFIT AND LOSS ACCOUNT (UN-AUDITED)


FOR THE PERIOD ENDED MARCH 31, 2006

	Note	Quarter ended		Nine months ended	
		March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2005
Rupees in '000'					
Sales		294,559	229,742	875,233	681,283
Cost of sales	6	(245,970)	(194,362)	(740,726)	(558,320)
Gross profit		48,589	35,380	134,507	122,963
Distribution costs		(20,700)	(14,715)	(58,808)	(44,434)
Administrative expenses		(9,797)	(8,930)	(27,851)	(29,656)
		18,092	11,735	47,848	48,873
Other income		1,697	1,600	7,350	4,830
Finance costs		(4,455)	(2,522)	(15,212)	(5,780)
Other operating expenses		(1,153)	(825)	(3,039)	(3,545)
Profit before taxation		14,181	9,988	36,947	44,378
Taxation		(6,725)	(3,462)	(16,803)	(14,735)
Profit after taxation		7,456	6,526	20,144	29,643
Earnings per share - basic and diluted		1.41	1.23	3.81	5.61

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 PERIOD ENDED MARCH 31, 2006

	Share Capital	General Reserve	Unappro- priated profit	Total
	Rupees in '000'			
Balance as at June 30, 2004	32,841	146,500	34,038	213,379
Dividend	-	-	(19,705)	(19,705)
Bonus share	13,136	-	(13,136)	-
Profit for the period after taxation	-	-	29,643	29,643
Balance as at March 31, 2005	45,977	146,500	30,840	223,317
Profit for the period after taxation	-	-	11,204	11,204
Balance as at 30 June, 2005	45,977	146,500	42,044	234,521
Dividend	-	-	(11,494)	(11,494)
Transfer	-	23,000	(23,000)	-
Bonus shares	6,897	-	(6,897)	-
Profit for the period after taxation	-	-	20,144	20,144
Balance as at March 31, 2006	52,874	169,500	20,797	243,171


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



Javaid Anwar
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman