

**QUARTERLY
REPORT
March 31, 2007**



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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

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
Email Address	abl@atlasbattery.com.pk

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, 2007.

ECONOMY

Despite some setbacks suffered by the commodity producing sub-sectors, real GDP growth is likely to grow in the range of 6.5%, close to the annual target of 7%. The growth is being achieved largely on the back of a bumper wheat crop, increased water availability and sustained performance in the live stock sector and the services sector. The industrial sector growth has been modest due to a tighter monetary policy in place and lower cash flow availability in the rural sector.

Average annual Inflation at 7.7% is still above the target of 6.5%. However, it is lower as compared to the 8.7% during the corresponding period of last year. The current account deficit is projected to widen during the current year as growth in imports remain higher than exports due to infrastructure buildup, substantial addition to industrial capacity, as well as rising imports of raw materials.

The slowdown in industrial growth in general and exports in particular, from double digits figures in the last four years to low single digit figures in the current year, needs to be supported by measures to reduce the cost of doing business, eliminating unnecessary regulations, ending multiplicity of taxes, facilitate supply chain improvements and focusing on the government related issues that hinder productivity enhancement.

OPERATING RESULTS

Net sales revenue for the 3rd quarter was Rs.371.4 million as compared to Rs.294.6 million for the same period last year, up 26.1%. The gross profit was Rs.76.2 million as against Rs.48.6 million last year, thus improving the gross profit percentage to 20.5% compared to 16.5% in the corresponding quarter of last year, despite unabated basic raw material price increase during the period.

Operating expenses increased to Rs.36.5 million as compared to Rs.30.5 million, due to increase in sales volume. As a percentage of sales revenue, these expenses were reduced to 9.8% from 10.4%. However, financial and other charges increased to Rs.7.9 million as compared to Rs.5.6 million in the corresponding period of last year as a result of higher mark-up rates on borrowings and provision of WPPF and WWF on increased profit.

Profit before Tax for the quarter was Rs.32.3 million compared to Rs.14.2 million for the corresponding period of last year. After Tax Profit was Rs. 21.0 million compared to Rs.7.5 million for the corresponding period of last year.

For the nine months ended, net sales revenue was Rs.1,092.3 million as compared to Rs.875.2 million for the same period last year, up 24.8%. The gross profit improved by 56% to Rs.209.8 million as against Rs.134.5 million during corresponding period, last year.

Financial and other charges increased from Rs.18.3 million to Rs. 24.3 million due to combined effect of increased interest rates on running finances and long-term borrowings and higher provision of WPPF and WWF on increased profit. Profit before Tax for the nine months was thus Rs. 87.2 million as compared to Rs. 36.9 million in the corresponding

period, last year - an increase of 136%. Improvement in profit before Tax is a result of higher sales volume, control on costs and better financial management of working capital. The After Tax Profit was Rs.55.1 million as against Rs.20.1 million during the same period last year, an increase of 174%. Earning per share (on annualized basis) was Rs.12.1 as against Rs.4.4 (adjusted) for the same period last year.

OUTLOOK

The Battery industry is highly dependent on the growth of the automotive industry, which is considered as the mother industry. The growth of automotive industry in the previous couple of years has played a vital role in the growth of the battery industry and helped to create demand for automotive as well as motorcycle batteries. This has enabled the organized sector of the battery industry to improve its capacity utilization. The automobile sector has increased its manufacturing capacity and production, especially cars and light commercial vehicles, to meet the growing demand. Demand for motorcycles has increased resulting in faster growth of the motorcycle batteries segment.

The sharp upward trend in prices of basic raw material in international and local market will produce cost pressures. However, Management is geared to meet the challenges and work under a competitive environment for better results.

محبت مجھے اُن جوانوں سے ہے
ستاروں پہ جو ڈالتے ہیں کمنڈ

(Let us keep our flag flying high)

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, CEO, Mr. Vazeer Ali and his management team for their commitment and efforts to achieve your Company's growth in difficult times.



Karachi: April 26, 2007

Yusuf H. Shirazi


BALANCE SHEET (UNAUDITED)


AS AT MARCH 31, 2007

	Note	March 31, 2007	June 30, 2006
Rupees in '000			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	293,556	239,712
Long term Investment		-	-
Long term deposits		4,012	4,012
CURRENT ASSETS			
Stores, spare parts and loose tools		8,661	8,659
Stock-in-trade		297,265	218,012
Trade debts		63,432	45,864
Short term investment		273	254
Loans and advances		11,652	14,355
Trade deposits and prepayments		4,758	1,224
Interest accrued		132	121
Other receivables		-	365
Income tax refundable		3,486	-
Cash and bank balances		51,229	30,309
		440,888	319,163
TOTAL ASSETS		738,456	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		242,741	211,476
		303,546	264,350
NON CURRENT LIABILITIES			
Long term financing		32,000	40,000
Deferred taxation		48,423	39,565
Retirement benefit obligation		13,239	10,952
CURRENT LIABILITIES			
Trade and other payables		135,000	93,250
Mark-up accrued on borrowings		4,012	1,726
Short term borrowings		167,865	90,974
Current portion of long-term financing		12,000	16,000
Provision for taxation		22,371	6,070
		341,248	208,020
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		738,456	562,887

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


Aitzaz Shahbaz
 Director


Vazeer Ali
 Chief Executive



Yusuf H. Shirazi
 Chairman


PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007

	Note	Quarter ended		Nine months ended	
		March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
		Rupees in '000'		Rupees in '000'	
Sales		371,390	294,559	1,092,328	875,233
Cost of sales	6	(295,145)	(245,970)	(882,513)	(740,726)
Gross profit		76,245	48,589	209,815	134,507
Distribution costs		(25,690)	(20,700)	(71,616)	(58,808)
Administrative expenses		(10,779)	(9,797)	(27,883)	(27,851)
		39,776	18,092	110,316	47,848
Other income		464	1,697	1,154	7,350
Finance costs		(5,436)	(4,455)	(17,510)	(15,212)
Other operating expenses		(2,503)	(1,153)	(6,768)	(3,039)
Profit before taxation		32,301	14,181	87,192	36,947
Taxation		(11,296)	(6,725)	(32,133)	(16,803)
Profit after taxation		21,005	7,456	55,059	20,144
Earnings per share - basic and diluted		3.45	1.23	9.06	3.31

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


Aitzaz Shahbaz
 Director


Vazeer Ali
 Chief Executive


Yusuf H. Shirazi
 Chairman

CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007


	2007	March 31, 2006
	Rupees in '000'	
Net profit before taxation	87,192	36,947
Adjustments for:		
Depreciation	27,619	22,552
Amortization	-	375
Markup / interest expenses	16,365	14,224
Profit on sale of property, plant and equipment	(659)	(408)
Provision for gratuity	92	58
Provision for compensated absences	2,740	2,610
Unrealized gain on re-measurement of investments	(19)	(1,000)
Gain on sale of investments	-	(5,674)
	46,138	32,737
Operating profit before working capital changes	133,330	69,684
Working capital changes:		
(Increase) / Decrease in current assets		
Stores, spares parts & loose tools	(2)	(1,771)
Stock-in-trade	(79,253)	4,312
Trade debts	(17,568)	(20,067)
Loan and advances (excluding tax deducted at source)	638	2,419
Trade deposits and prepayments	(3,534)	1,132
Interest accrued	(11)	55
Other receivables	365	-
	(99,365)	(13,920)
Increase in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	41,644	7,640
Working Capital changes	(57,721)	(6,280)
Cash generated from operations	75,609	63,404
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of year	30,309	32,607
Net Cash inflow / (outflow)	20,920	(4,867)
Balance at end of the period	51,229	27,740


CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007

	March 31, 2007	2006
	Rupees in '000'	
Cash generated from operations	75,609	63,404
Mark-up / interest paid	(13,962)	(14,143)
Gratuity paid	(136)	(94)
Compensated absences paid	(409)	(948)
Income taxes paid	(8,395)	(4,931)
Long term deposits	-	(771)
Net cash generated from operations	52,707	42,517
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(84,882)	(112,460)
Sale proceeds from property, plant and equipment	4,077	4,747
Investments	-	(115,260)
Sale proceeds of investments	-	142,532
Net cash used-in Investing Activities	(80,805)	(80,441)
Net cashflow before Financing Activities	(28,098)	(37,924)
FINANCING ACTIVITIES		
Increase in short term borrowings	76,891	60,554
Repayment of long term financing	(12,000)	(16,000)
Dividend paid	(15,873)	(11,497)
Cash flow from financing activities	49,018	33,057
Increase / (Decrease) in cash & cash equivalents	20,920	(4,867)

The annexed notes form an integral part of these financial statements


Aitzaz Shahbaz
 Director


Vazeer Ali
 Chief Executive


Yusuf H. Shirazi
 Chairman


STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007

	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	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
Profit for the period after taxation	-	-	21,179	21,179
Balance as at June 30, 2006	52,874	169,500	41,976	264,350
Dividend-Final 2006 (Rs.3 per share)	-	-	(15,863)	(15,863)
Transfer to general reserves	-	17,000	(17,000)	-
Bonus shares	7,931	-	(7,931)	-
Profit for the period after taxation	-	-	55,059	55,059
Balance as at March 31, 2007	60,805	186,500	56,241	303,546


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



Aitzaz Shahbaz
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2007

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, 2007 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.

		As at	
		March 31, 2007	June 30, 2006
4. FIXED ASSETS			
Property, Plant and Equipment	4.01	293,540	239,623
Capital work in progress		16	89
		<u>293,556</u>	<u>239,712</u>
4.01 Property, Plant and Equipment:			
Opening net book value		239,623	140,097
Additions during the period		84,954	129,866
		<u>324,577</u>	<u>269,963</u>
Less:			
Written down value of disposals		3,418	5,090
Depreciation		27,619	25,250
		<u>31,037</u>	<u>30,340</u>
		<u>293,540</u>	<u>239,623</u>
5. COMMITMENTS			
Confirmed letters of credit relating to:			
Raw materials		121,506	112,269
Stores, spareparts and loose tools		4,313	365
Property, plant and equipment		8,509	30,913
Guarantees issued by banks on behalf of company		24	24

		Quarter ended		Nine months ended	
		March 31, 2007	March 31, 2006	March 31, 2007	March 31, 2006
6. COST OF SALES					
Stocks at the beginning		65,781	6,784	52,530	47,961
Purchased of Finished goods		-	-	14,846	-
Cost of goods manufactured	6.01	<u>328,987</u>	<u>274,972</u>	<u>914,760</u>	<u>728,551</u>
		394,768	281,756	982,136	776,512
Stocks at the end		<u>99,623</u>	<u>35,786</u>	<u>99,623</u>	<u>35,786</u>
		<u>295,145</u>	<u>245,970</u>	<u>882,513</u>	<u>740,726</u>
6.01 Cost of goods manufactured					
Work in process at the beginning		42,340	32,596	49,667	25,517
Raw material & components consumed		263,007	222,223	697,568	571,595
Overheads		78,156	69,289	222,041	180,575
		<u>383,503</u>	<u>324,108</u>	<u>969,276</u>	<u>777,687</u>
Work in process at the end		<u>54,516</u>	<u>49,136</u>	<u>54,516</u>	<u>49,136</u>
		<u>328,987</u>	<u>274,972</u>	<u>914,760</u>	<u>728,551</u>

March 31,
2007

March 31,
2006

7. RELATED PARTY TRANSACTIONS

Sales	113,348	124,960
Purchases	205	614
Actual reimbursement of expenses	433	413
Expenses charged to	-	18
Rent & Insurance premium	17,694	12,765
Purchase of property, plant and equipment	9,980	8,202
Royalty	22,784	18,188
Dividend paid	7,723	6,199
Purchase of natural gas	15,695	12,082
Sale of property, plant and equipment	-	844
Donation	31	545
Investment	-	100,260
Redemption of Investment	-	86,773
Long term deposit paid	-	784
Interest received	120	88
Insurance claim	599	2,020

As at

March 31,
2007

March 31,
2006

Period end balances of Related Parties

Receivable from	12,626	15,266
Payable to	51,706	19,721

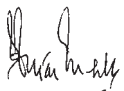
8. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS

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
- IFRS 10 Interim Financial Reporting and Impairment
- IFRS 11 Group and Treasury Transaction

9. DATE OF AUTHORISATION FOR ISSUE

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



Aitzaz Shahbaz
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman

Atlas Battery Limited

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