

**QUARTERLY  
REPORT  
March 31, 2008**

**Atlas Battery Limited**

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

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**COMPANY INFORMATION**
**BOARD OF DIRECTORS**

Chairman	Yusuf H. Shirazi
Chief Executive	Talha Saad
Directors	Aitzaz Shahbaz
	Iftikhar H. Shirazi
	Javaid Anwar
	Muhammad Atta Karim
	Hiroshi Tateiwa
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	Talha Saad
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 Allied 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, 2008.

## ECONOMY

The economy was able to continue its growth of around 6 percent on the back of the performance of the agriculture sector. The higher international material prices, domestic energy shortages and economic losses generally affected the growth of the economy as compared to the performance in the preceding year. The reliance on the service sector has put pressure on the sustainability of economic momentum with manufacturing and agricultural sector growth being below 5 percent. It is imperative that the government focuses on the value addition segment of the economy. Otherwise, the already sharp increase in borrowing from central bank will lead to unprecedented inflationary pressures that could compound the current problems. The current account deficit has risen to a level where the strength of the currency is again being tested. However, one is hopeful that the economic managers will exercise prudence and will be successful in taking corrective action.

## OPERATING RESULTS

Net sales revenue for the 3rd quarter was Rs.762.7 million as compared to Rs.366.5 million for the same period last year. Cost of sales for the same period increased from Rs.295.1 million to Rs.678.5 million. The main reason for this cost increase is high lead prices in the international market coupled with unabated increase in cost of petroleum related products and the depreciation of rupee against foreign currencies. Resultantly, the impact of relatively high cost increase reduced gross profit to 11% from 19.5% in the corresponding period of last year. However, in terms of value it improved by 17.9% to Rs.84.2 million from Rs. 71.4 million.

Operating expenses increased 13.6% from Rs. 31.6 million to Rs.35.9 million, due to increase in sales volume; however as a percentage of sales revenue, these were reduced to 4.7% from 8.6%. Operating profit increased from Rs.39.8 million to Rs.48.3, up 21.3%. Financial and other charges increased to Rs.18.4 million as compared to Rs.7.9 million in the corresponding period of last year. The main reason for the high financial cost was increased utilization of running finances due to high requirement of working capital coupled with higher mark -up rates on borrowings.

Thus the Profit before Tax for the quarter was Rs.30.2 million as against Rs.32.3 million the corresponding period of last year. After making a provision of Rs.10.4 million in respect of current and deferred taxation, after Tax Profit of your Company was Rs.19.8 million compared to Rs.21.0 million in the corresponding period of last year.

For the nine months ended, net sales revenue was Rs.1,780.0 million as compared to Rs.1,078.12 million for the same period last year, up 65.1%. However, cost of sales increased by 74.8% from Rs. 882.5 million to Rs.1,542.2 million during the same period. Gross profit improved to Rs.237.8 million from Rs.195.6 million during corresponding period last year, up 21.6%. Resultantly, operating profit improved from Rs.110.3 million to Rs.133.9 million. However, financial and other charges increased to Rs.37.6 million from Rs.24.3 million, due to increased working capital requirement and higher mark-up charges.

Thus, Profit before Tax for nine months was Rs. 97.3 million as compared to Rs. 87.2 million in the corresponding period of last year. After Tax Profit was Rs.63.7 million as against Rs.55.1 million in the same period last year. Earning per share (on annualized basis) was Rs.9.11 as against Rs.7.87 (adjusted) for the same period last year.

## FUTURE OUTLOOK

The battery industry is dependent on the growth of automotive industry, which is considered as the mother of all vendor industries. The growth of automotive industry in the previous couple of years has played a very vital role for the growth of battery industry and helped to create demand for the automotive as well as motorcycle batteries. However, the present situation of the automotive industry is not so promising. During the period from July 2007 to March 2008, sales of locally manufactured cars declined by 9% to 107,262 units from 117,295 units during the same period of last year. Higher mark up rates by banks and uncertain economic conditions in the country are the major factors attributable to the slowdown of sales during nine months of this financial year.

On the hand, we foresee higher cost of basic raw materials i.e. refined lead and local lead. Additionally, crude oil price has breached all historical levels and reached US\$ 117 per barrel. Rupee is depreciating and has crossed Rs 63.90 against the US dollar - highest in six years. Japanese Yen has reached 0.62 against the rupee. All these factors will put more pressure on the Management of your Company to be competitive in this challenging environments and to make plans to sustain the growth and profitability of your Company. Additionally, the Management of your Company will continue its focus to meet its customers' demand with improved quality, productivity and cost control to provide best products according to their need and as such maintain the growth of the Company; come what may:

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

(Let us continue to look beyond horizon)

## ACKNOWLEDGEMENT

I would like to thank GS Yuasa International Limited; Japan, our bankers, shareholders, members of the Board of Directors, vendors and customers for their continued support and guidance. I also thank the Group Executive Committee, Group President and Management Team of your Company for their dedication and commitment to achieve your Company's growth in a very challenging and competitive environment.



Yusuf H. Shirazi


Karachi: April 30, 2008


**CONDENSED INTERIM BALANCE SHEET**  
 AS AT MARCH 31, 2008

	Note	March 31 2008 Rupees in '000'	June 30 2007 Rupees in '000'
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	309,951	310,995
Long term investment - available for sale		-	-
Long term deposits		4,012	4,012
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		16,140	10,730
Stock in trade		552,985	306,171
Trade debts		77,567	51,834
Loans and advances		45,929	30,694
Trade deposits and prepayments		12,633	2,826
Investment at fair value through profit and loss		-	278
Accrued mark-up		132	175
Other receivables		1,135	26
Cash and bank balances		53,382	37,501
		759,903	440,235
<b>TOTAL ASSETS</b>		<b>1,073,866</b>	<b>755,242</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 10,000,000 Ordinary Shares of Rs. 10/- each		100,000	100,000
Issued, subscribed and paid up capital 6,992,579 (June 30, 2007 : 6,080,504) Ordinary Shares of Rs. 10/- each		69,926	60,805
Revenue reserves		293,278	275,193
		363,204	335,998
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		63,876	62,881
<b>CURRENT LIABILITIES</b>			
Trade and other payables		182,574	156,154
Mark-up accrued on secured borrowings		12,148	2,469
Short term borrowings - secured		419,808	171,200
Provision for taxation		32,256	26,540
		646,786	356,363
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,073,866</b>	<b>755,242</b>

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


  
**Aitzaz Shahbaz**  
 Director

  
**Talha Saad**  
 Chief Executive

  
**Yusuf H. Shirazi**  
 Chairman

  
**Aitzaz Shahbaz**  
 Director

  
**Talha Saad**  
 Chief Executive

  
**Yusuf H. Shirazi**  
 Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
 FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2008

	Note	Quarter ended		Nine months ended	
		March 31, 2008 Rupees in '000'	March 31, 2007 Rupees in '000'	March 31, 2008 Rupees in '000'	March 31, 2007 Rupees in '000'
Sales		762,720	366,544	1,780,012	1,078,079
Cost of sales	6	(678,522)	(295,145)	(1,542,196)	(882,513)
Gross profit		84,198	71,399	237,816	195,566
Distribution costs		(22,056)	(20,844)	(62,319)	(57,367)
Administrative expenses		(13,806)	(10,779)	(41,636)	(27,883)
Operating profit		48,336	39,776	133,861	110,316
Other income		258	464	1,043	1,154
Finance costs		(16,033)	(5,436)	(30,710)	(17,510)
Other operating expenses		(2,356)	(2,503)	(6,905)	(6,768)
Profit before taxation		30,205	32,301	97,289	87,192
Taxation		(10,433)	(11,296)	(33,600)	(32,133)
Profit after taxation		19,772	21,005	63,689	55,059
Basic & diluted earnings per share (Rupees) (Adjusted for bonus shares issued)		2.83	3.00	9.11	7.87

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


**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**


FOR THE PERIOD ENDED MARCH 31, 2008

	Note	March 31 2008	March 31 2007
Rupees in '000'			
Cash (used in) / generated from operations	7	(125,745)	75,609
Mark up paid		(19,032)	(13,962)
Gratuity paid		(50)	(136)
Compensated absences paid		(3,325)	(409)
Income taxes paid		(23,526)	(8,395)
<b>Net cash (used in) / generated from operating activities</b>		<b>(171,678)</b>	<b>52,707</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(31,040)	(84,882)
Sale proceeds of investment		294	-
Sale proceeds from property, plant and equipment		6,188	4,077
<b>Net cash used in investing activities</b>		<b>(24,558)</b>	<b>(80,805)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short term borrowings		248,608	76,891
Dividend paid		(36,491)	(15,873)
Repayment of long term loan		-	(12,000)
<b>Net cash generated from financing activities</b>		<b>212,117</b>	<b>49,018</b>
<b>Increase in cash and cash equivalents</b>		<b>15,881</b>	<b>20,920</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>37,501</b>	<b>30,309</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>53,382</b>	<b>51,229</b>

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


  
 Aitzaz Shahbaz  
 Director

  
 Talha Saad  
 Chief Executive

  
 Yusuf H. Shirazi  
 Chairman

  
 Aitzaz Shahbaz  
 Director

  
 Talha Saad  
 Chief Executive

  
 Yusuf H. Shirazi  
 Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

FOR THE PERIOD ENDED MARCH 31, 2008

	Share Capital	General Reserve	Unappropriated Profit	Total
Rupees in '000'				
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 reserve	-	17,000	(17,000)	-
Bonus shares	7,931	-	(7,931)	-
Profit for the period after taxation	-	-	55,059	55,059
<b>Balance as at March 31, 2007</b>	<b>60,805</b>	<b>186,500</b>	<b>56,241</b>	<b>303,546</b>
Profit for the period after taxation	-	-	32,452	32,452
<b>Balance as at June 30, 2007</b>	<b>60,805</b>	<b>186,500</b>	<b>88,693</b>	<b>335,998</b>
Dividend-Final 2007 (Rs.6 per share)	-	-	(36,483)	(36,483)
Transfer to general reserve	-	42,000	(42,000)	-
Bonus shares	9,121	-	(9,121)	-
Profit for the period after taxation	-	-	63,689	63,689
<b>Balance as at March 31, 2008</b>	<b>69,926</b>	<b>228,500</b>	<b>64,778</b>	<b>363,204</b>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2008

**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. The registered office and manufacturing facilities are located at Karachi.

**2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges. These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the published financial statements for the year ended June 30, 2007.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements for the nine months ended March 31, 2008 are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2007.

**4. PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31 2008	June 30 2007
Operating fixed assets	4.1	298,545	308,929
Capital work in progress		11,406	2,066
		<u>309,951</u>	<u>310,995</u>
<b>4.1 Operating fixed assets</b>			
Opening net book value		308,929	239,623
Additions during the period / year	4.2	21,700	106,741
		330,629	346,364
Less:			
Written down value of disposals	4.3	5,465	3,539
Depreciation		26,619	33,896
		32,084	37,435
		<u>298,545</u>	<u>308,929</u>
<b>4.2 Additions during the period / year</b>			
Building on leasehold land		-	11,827
Plant and machinery		12,358	66,516
Electric installations		-	2,250
Air conditioners		69	412
Vehicles		6,671	19,961
Fork lifters		1,132	-
Moulds, dies and jigs		-	4,699
Factory equipments		-	212
Computers		1,470	864
		<u>21,700</u>	<u>106,741</u>
<b>4.3 Written down value of disposals</b>			
Plant and machinery		-	93
Vehicles		5,465	3,446
		<u>5,465</u>	<u>3,539</u>

**5. CONTINGENCIES AND COMMITMENTS**

	March 31 2008	June 30 2007
Confirmed letters of credit relating to:		
Raw materials	97,490	139,198
Stores, spare parts and loose tools	2,846	-
Property, plant and equipment	-	3,663
Guarantees issued by banks on behalf of company	249	24

**6. COST OF SALES**

Note	Quarter ended		Nine months ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	Rupees in '000'		Rupees in '000'	
Finished goods - at the beginning	94,206	65,781	35,130	52,530
Purchases of finished goods	23,530	-	23,530	14,846
Cost of goods manufactured	630,669	328,987	1,553,419	914,760
	748,405	394,768	1,612,079	982,136
Finished goods - at the end	69,883	99,623	69,883	99,623
	<u>678,522</u>	<u>295,145</u>	<u>1,542,196</u>	<u>882,513</u>
<b>6.1 Cost of goods manufactured</b>				
Work in process - at the beginning	82,207	42,340	66,759	49,667
Raw materials and components consumed	552,064	263,007	1,310,445	697,568
Overheads	91,055	78,156	270,872	222,041
	725,326	383,503	1,648,076	969,276
Work in process - at the end	94,657	54,516	94,657	54,516
	<u>630,669</u>	<u>328,987</u>	<u>1,553,419</u>	<u>914,760</u>

**7. CASH FLOWS FROM OPERATING ACTIVITIES**

Note	March 31 2008	March 31 2007
Net profit before taxation	97,289	87,192
Adjustments for:		
Depreciation	26,619	27,619
Mark up expense	29,333	16,365
Profit on sale of property, plant and equipment	(723)	(659)
Provision for gratuity	96	92
Provision for compensated absences	3,176	2,740
Gain on sale of investments	(16)	-
Unrealized gain on re-measurement of investments	-	(19)
	58,485	46,138
Operating profit before working capital changes	155,774	133,330
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	(5,410)	(2)
Stock in trade	(246,814)	(79,253)
Trade debts	(25,733)	(17,568)
Loan and advances (excluding tax deducted at source)	(18,495)	638
Trade deposits and prepayments	(9,807)	(3,534)
Accrued mark up	43	(11)
Other receivables	(1,109)	365
	(307,325)	(99,365)
Increase in current liabilities		
Trade and other payables (excluding unclaimed dividend)	25,806	41,644
Working capital changes	(281,519)	(57,721)
Cash (used in) / generated from operations	<u>(125,745)</u>	<u>75,609</u>

## 8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, employee benefit plan, employee contribution plan, directors and key management personnel and close members of the family of all the aforementioned related parties. Transactions with related parties are executed on same terms as those prevailing at the time for comparable transactions with unrelated parties. There are no transactions with key management personnel other than under the terms of employment.

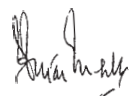
Transactions	Relationship	March 31, 2008	March 31, 2007
Sales	Associated companies	145,503	113,348
Purchases	"	279	205
Reimbursement of expenses	"	103	433
Rent	"	2,258	2,053
Insurance premium	"	23,956	15,641
Purchase of property, plant and equipment	"	1,259	9,980
Royalty	"	36,886	22,784
Dividend paid	"	17,763	7,723
Purchase of natural gas	"	16,382	15,695
Donation	"	1,298	31
Redemption of investment	"	294	-
Interest received	"	175	120
Insurance claim	"	4,545	599
Contribution	Employees' provident fund	3,307	2,535
Contribution	Employees' gratuity fund	1,044	878
Salaries and other employee benefits	Key management personnel	26,802	20,441
<b>Balances</b>	<b>Relationship</b>	<b>March 31, 2008</b>	<b>June 30, 2007</b>
Long term deposits	Associated companies	3,495	3,495
Trade debts	"	19,144	1,558
Loans	Key management personnel	767	130
Investment at fair value	Associated companies	-	278
Accrued mark up	"	132	175
Other receivables	"	1,135	26
Royalty	"	68,453	55,756
Trade payable	"	8,180	-
Provident fund payable	Employees' provident fund	620	-
Gratuity fund payable	Employees' gratuity fund	1,054	1,182
Compensated absences	Key management personnel	8,099	7,668

## 9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 30, 2008 by the board of directors of the company.

## 10. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Aitzaz Shahbaz  
Director



Talha Saad  
Chief Executive



Yusuf H. Shirazi  
Chairman