

QUARTERLY
REPORT
September 30, 2006



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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: 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

CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited accounts for the first quarter ended September 30, 2006.

ECONOMY

During the quarter under review, the economy witnessed several challenges. The flood severely affected the economic activity in Sindh and parts of Punjab. The rural economy, already suffering from the poor cash flow from the wheat crop, suffered another jolt. More than half of the cotton crop in Sindh is damaged and there are worrying signs for a sugar lower crop too. However, on the positive note, the water table have risen because of heavy rains in this region and there is hope for a good crop in the coming years.

As for the industrial sector, exports are not quite hitting the numbers anticipated whilst imports has risen to yet a higher level, putting pressure on the current account and the rupee. One would hope for the situation improving over the next nine months.

On the positive side, the services sector, fuelled by ever-rising remittances, is keeping the economy going. The urban centers are showing a strong resilience despite the adverse conditions created by the weather. The economy has done well in the last five years and let us hope it continues to do reasonably well in the future.

OPERATING RESULTS

Net sales revenue for the quarter increased to Rs.356.4 million, up 24.4%, as compared to Rs.286.5 million, in the corresponding period last year. The gross profit was Rs. 65.2 million as against Rs. 37.4 million for the corresponding period, resulting in an improvement in gross profit percentage to 18.3% as compared to 13.1% in the same period of last year.

Operating expenses increased by 24.5% due to increase in sales volume; however as a percentage of sales revenue these remained at 8.9% - same as in the corresponding period of last year. Financial charges increased to Rs.5.8 million against Rs. 5.1 million in the same period due to combined effect of higher mark-up charges and higher utilization of running finance facilities. Other operating expenses increased to Rs. 2.0 million compared to Rs. 0.6 million in the same period last year, due to increased provision of WPPF and WWF on a higher profit.

Profit before tax for the quarter was Rs.25.8 million compared to Rs.6.8 million for the corresponding period of last year. After making a provision of Rs.8.8 million in respect of current and deferred taxation, the after tax profit of your Company was Rs.17.0 million compared to Rs.3.5 million of the corresponding period of last year. Earning per share, thus, improved to Rs.3.22 compared to Rs. 0.66 during the same period last year.

FUTURE OUTLOOK

Being an ancillary business, continued growth in automobile and motorcycle segments is having salutary impact on the battery industry in Pakistan. The automobile sector is reported to increase its production to match the growing demand for vehicles, which will ultimately result in increased demand of automotive batteries in the future.

On the input side, cost of major raw materials has shown steep increase during the later part of the quarter under review and the current trend indicates no easing of the position

BALANCE SHEET (UNAUDITED)


AS AT SEPTEMBER 30, 2006

	Note	September 30, 2006	June 30, 2006
Rupees in '000'			
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	282,563	239,712
Long term Investment		-	-
Long term deposits		4,012	4,012
CURRENT ASSETS			
Stores, spare parts and loose tools		11,741	8,659
Stock-in-trade		261,590	218,012
Trade debts		63,482	45,864
Short term investment		257	254
Loans and Advances		17,377	14,355
Trade deposits and prepayments		9,641	1,224
Interest accrued		121	121
Other receivables		152	365
Cash and bank balances		1,775	30,309
		366,136	319,163
TOTAL ASSETS		652,711	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		52,874	52,874
Reserves - Revenue		212,637	211,476
		265,511	264,350
NON CURRENT LIABILITIES			
Long term financing		40,000	40,000
Deferred Liabilities		54,325	50,517
CURRENT LIABILITIES			
Trade and other payables		104,646	93,250
Mark-up accrued on borrowings		3,863	1,726
Short term borrowings		144,625	90,974
Current portion of long-term financing		12,000	16,000
Provision for taxation		11,879	6,070
Dividend payable		15,862	-
		292,875	208,020
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		652,711	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 SEPTEMBER 30, 2006

	Note	Quarter ended September 30, 2006 September 30, 2005 Rupees in '000'	
Sales		356,425	286,468
Cost of sales	6	(291,237)	(249,034)
Gross profit		65,188	37,434
Distribution costs		(22,958)	(17,678)
Administrative expenses		(8,856)	(7,867)
		33,374	11,889
Other income		271	522
Finance costs		(5,819)	(5,052)
Other operating expenses		(2,021)	(600)
Profit before taxation		25,805	6,759
Taxation		(8,781)	(3,279)
Profit after taxation		17,024	3,480
Earnings per share - basic and diluted		3.22	0.66

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 SEPTEMBER 30, 2006


	September 30 2006	September 30 2005
	Rupees in '000'	
Net profit before taxation	25,805	6,759
Adjustments for:		
Depreciation	9,864	5,370
Amortization	-	141
Markup / interest expenses	5,477	4,723
Profit on sale of property, plant and equipment	(54)	(118)
Provision for gratuity	30	377
Provision for compensated absences	912	870
Unrealized gain on re-measurement of investments	(3)	-
Gain on sale of investments	-	(251)
	<u>16,226</u>	<u>11,112</u>
Operating profit before working capital changes	42,031	17,871
Working capital changes:		
(Increase) / Decrease in Current Assets		
Stores, spares parts & loose tools	(3,082)	237
Stock-in-trade	(43,578)	9,180
Trade debts	(17,618)	(18,891)
Loan and advances (excluding tax deducted at source)	(1,204)	1,077
Trade deposits and prepayments	(8,417)	737
Interest accrued	-	107
Other receivables	213	-
	<u>(73,686)</u>	<u>(7,553)</u>
Increase / (Decrease) in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	11,396	(6,685)
Working Capital changes	(62,290)	(14,238)
Cash (utilized in) / generated from operations	<u>(20,259)</u>	<u>3,633</u>
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of year	30,309	32,607
Net Cash outflow	(28,534)	(29,609)
Balance at end of the period	<u>1,775</u>	<u>2,998</u>


CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006

	September 30 2006	2005 Rupees in '000'
Cash generated / (utilized in) from operations	(20,259)	3,633
Markup/interest paid	(3,340)	(3,854)
Gratuity paid	(56)	(3,693)
Compensated absences paid	(50)	(328)
Income taxes paid	(1,818)	(1,269)
Net cash (utilized in) operations	(25,523)	(5,511)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(53,942)	(87,480)
Sale proceeds from property, plant and equipment	1,280	2,068
Investments	-	(50,000)
Sale proceeds of investments	-	40,086
Net cash used-in Investing Activities	(52,662)	(95,326)
Net cashflow before Financing Activities	(78,185)	(100,837)
FINANCING ACTIVITIES		
Increase in short term borrowings	53,651	79,228
Repayment of long term financing	(4,000)	(8,000)
Cash flow from financing activities	49,651	71,228
Decrease in cash & cash equivalents	(28,534)	(29,609)

The annexed notes form an integral part of the financial statements


Aitzaz Shahbaz
 Director


Vazeer Ali
 Chief Executive


Yusuf H. Shirazi
 Chairman


STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2006

	Share Capital	General Reserve	Reserve for issue of bonus shares	Unappropriated 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	-	-	-	(11,494)	(11,494)
Bonus shares	-	-	6,897	(6,897)	-
Profit for the period after taxation	-	-	-	3,480	3,480
Balance as at September 30, 2005	45,977	169,500	6,897	4,133	226,507
Bonus shares issued	6,897	-	(6,897)	-	-
Profit for the period after taxation	-	-	-	37,843	37,843
Balance as at June 30, 2006	52,874	169,500	-	41,976	264,350
Dividend	-	-	-	(15,862)	(15,862)
Transfer	-	17,000	-	(17,000)	-
Bonus shares	-	-	7,931	(7,931)	-
Profit for the period after taxation	-	-	-	17,024	17,024
Balance as at September 30, 2006	52,874	186,500	7,931	18,206	265,511


The annexed notes form an integral part of the financial statements



Aitzaz Shāhbaz
Director



Vazeer Ali
Chief Executive



Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 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 quarter ended September 30, 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, 2006.

2.02 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards (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, 2006 figures appearing in financial statements are unaudited.

4. FIXED ASSETS

Property, Plant and Equipment
Capital work in progress

As at	
September 30 2006	June 30, 2006
271,947	239,623
10,616	89
282,563	239,712

4.1 **Property, Plant and Equipment**
Acquisition

Owned Assets

Building on leasehold land	-	7,372
Plant and machinery	37,088	97,533
Electric installations	-	7,418
Air conditioners	30	248
Office equipments	-	200
Laboratory equipments	-	332
Vehicles	4,762	10,893
Fork lifters	-	1,198
Moulds, dies & jigs	1,535	907
Factory equipments	-	3,359
Computers	-	406
	43,415	129,866

Disposal

Owned Assets		
Vehicles	2,110	9,492
	2,110	9,492

		As at	
		September 30 2006	June 30, 2006
5. COMMITMENTS			
Confirmed letters of credit relating to:			
Raw materials		56,401	112,269
Stores, spareparts and loose tools		-	365
Property, plant and equipment		4,024	30,913
Commitment for Capital expenditures		5,872	-
Guarantees issued by banks on behalf of company		24	24

		Quarter ended	
		September 30 2006	September 30 2005
6. COST OF SALES			
Stocks at the beginning		52,530	47,961
Cost of goods manufactured	6.01	296,037	230,615
		<u>348,567</u>	<u>278,576</u>
Stocks at the end		57,330	29,542
		<u>291,237</u>	<u>249,034</u>
6.01 Cost of goods manufactured			
Work in process at the beginning		49,667	25,517
Raw material & components consumed		212,029	177,153
Overheads		69,197	53,721
		<u>330,893</u>	<u>256,391</u>
Work in process at the end		34,856	25,776
		<u>296,037</u>	<u>230,615</u>


		Quarter ended	
		September 30 2006	September 30 2005
7. RELATED PARTY TRANSACTIONS			
Sales		38,423	35,918
Purchases		91	162
Actual reimbursement of expenses		208	246
Expenses charged to		-	48
Rent & Insurance premium		9,565	7,909
Purchase of property, plant and equipment		4,258	4,952
Royalty		7,418	5,960
Purchase of natural gas		4,759	2,224
Sale of property, plant and equipment		-	815
Investment		-	50,000
Insurance claim		434	80


		As at	
		September 30 2006	June 30 2006
Period end balances of Related Parties			
Receivable from		19,930	1,697
Payable to		33,956	24,021

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 27, 2006 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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