

QUARTERLY  
REPORT  
September 30, 2008



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

Chairman	Yusuf H. Shirazi
Chief Executive	Talha Saad
Directors	Aitzaz Shahbaz
	Hiroshi Tateiwa
	Iftikhar H. Shirazi
	Javaid Anwar
	Muhammad Atta Karim
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
Manager Information Technology	Qasim Imran Khan

**COMPANY INFORMATION**

<b>Auditors</b>	Hameed Chaudhri & Co. Chartered Accountants
<b>Legal Advisor</b>	Agha Faisal Barrister at Law Mohsin Tayebaly & Co.
<b>Tax Advisor</b>	Ford Rhodes Sidat Hyder & Co. Chartered Accountants
<b>Bankers</b>	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
<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 - 2610145 Fax: 2626478
<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 Fax: 7352724
<b>Faisalabad Office</b>	54-Chenab Market, Madina Town, Faisalabad Tel: 8713127 Fax: 8726628
<b>Multan Office</b>	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 4548017
<b>Peshawar Office</b>	1st Floor, Zeenat Plaza, near General bus stand, G.T. Road, Peshawar Tel: 2262485
<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: 4461539
<b>Company Website</b>	<a href="http://www.atlasbattery.com.pk">www.atlasbattery.com.pk</a>
<b>Email Address</b>	<a href="mailto:abl@atlasbattery.com.pk">abl@atlasbattery.com.pk</a>

## **CHAIRMAN'S REVIEW**

It is my pleasure to present to you the un-audited accounts of your Company for the first quarter ended September 30, 2008.

### **ECONOMY**

Pakistan's economy has showed resilience to the global slowdown in economic activity. It registered a growth of 5.8 percent last year in spite of socio-politico-economic uncertainty. The inflationary pressures continued to increase due to rising fuel and commodity prices. Pak rupee lost almost 30% against the US dollar as trade balance turned sharply negative. On the other hand, there was record flow of remittances at \$1.88 billion in this last quarter against \$ 1.50 billion in the corresponding previous quarter. Also, there was an increase of 19.2% in exports to \$5.29 billion against \$ 4.42 billion in the previous quarter. In the budget for 2008-09, government's emphasis is on local investment, production and export and curtailment of imports - luxury goods and completely built up units. These measures will have an impact sooner rather than later.

Agriculture sector remains the main stay of Pakistan's economy. Government has fixed wheat price at Rs.925 per maund. Rice production is expected to be 6.3 million tons during the year 2008-09. Exports in the 1st quarter were 1.3 million tons. The prices of the main commodities have helped the sector to play an important part in economic activity.

### **OPERATING RESULTS**

Net sales revenue for the 1st quarter was Rs.737.3 million as compared to Rs.516.2 million for the same period last year, up 42.8%. Cost of sales for the same period increased by 44.0% from Rs.446.3 million to Rs.642.5 million. The main reason of this cost increase is unprecedented depreciation of rupee against all foreign currencies. Resultantly, it reduced gross profit percentage to 12.9% from 13.5% in the corresponding period of last year. However, in terms of value it improved by 35.7% to Rs.94.8 million from Rs.69.9 million.

Operating expenses increased from Rs.34.5 million to Rs.42.5 million, due to increase in sales volume; however as a percentage of sales revenue, these were reduced to 5.8% from 6.7%. Operating profit increased from Rs.35.4 million to Rs.52.3, up 47.9%. Financial and other charges increased to Rs.14.6 million as compared to Rs.6.4 million in the corresponding period of last year, mainly due to combined impact of higher markup rates and higher utilization of running finance facilities as compared to the corresponding period of last year.

The Profit before Tax for the quarter was Rs.35.3 million as against Rs.27.1 million during the corresponding period of last year. After providing Rs.12.6 million in respect of current and deferred taxation, the After Tax Profit of your Company stood at Rs.22.7 million compared to Rs.17.7 million for the corresponding period of last year. Earnings per share improved from Rs.2.54 last year to Rs.3.24 this year, a commendable achievement in these difficult times.

## FUTURE OUTLOOK

The next quarter will be another challenging period as international slowdown in economic activities may be more pronounced! However, decrease in fuel prices and the downward revision of raw materials prices offer a silver lining. In spite of the continuing concern for law and order situation and the ongoing inflationary pressures, the inherent resilience of the national economy and its entrepreneurship, professionalism and workmanship will find new avenues for growth. A GDP growth of about 5 percent - an average since 1951 - will still be achievable during the current financial year. Your Company will emphasize its areas of strength in ingenuity, quality, productivity and cost management to offer the best value for money to its customers. AGS continues to be the choice of the majority of customers. Your Management will be making all efforts to meet the challenges through focusing more and more on cost benefit measures and produce befitting results - quarter after quarter:

عُشْرُ شَاهِينَ كَا جِهَانَ اُوْر

(Let there be a horizon beyond horizon)

## ACKNOWLEDGEMENT

I would like to thank our Joint Venture Partners 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, Chief Executive and his team for their dedication and commitment to achieve your Company's growth in difficult times.



Karachi: October 28, 2008

Yusuf H. Shirazi

**CONDENSED INTERIM BALANCE SHEET**


AS AT SEPTEMBER 30, 2008

	Note	(Unaudited) September 30, 2008	(Audited) June 30, 2008
Rupees in '000'			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	564,844	517,862
Long term investment - available for sale		-	-
Long term deposits		4,012	4,012
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		12,583	12,968
Stock in trade		570,216	410,672
Trade debts		79,014	77,387
Loans and advances		72,724	57,955
Trade deposits and prepayments		32,360	74,191
Accrued mark-up		219	175
Other receivables		-	2,240
Cash and bank balances		62,369	49,274
		829,485	684,862
<b>TOTAL ASSETS</b>		<b>1,398,341</b>	<b>1,206,736</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, 2008 : 6,992,579) Ordinary Shares of Rs. 10/- each		69,926	69,926
Revenue reserves		306,626	336,386
		376,552	406,312
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		173,786	173,786
<b>NON CURRENT LIABILITIES</b>			
Deferred liabilities		68,514	61,823
<b>CURRENT LIABILITIES</b>			
Trade and other payables		172,687	185,267
Mark-up accrued on secured borrowings		11,851	7,057
Short term borrowings - secured		475,749	313,002
Dividend payable		52,444	-
Provision for taxation		66,758	59,489
		779,489	564,815
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,398,341</b>	<b>1,206,736</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


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	Note	Quarter ended	
		September 30, 2008	September 30, 2007
Rupees in '000'			
Sales		737,275	516,154
Cost of sales	6	(642,453)	(446,258)
Gross profit		94,822	69,896
Distribution costs		(26,305)	(20,429)
Administrative expenses		(16,174)	(14,067)
Operating profit		52,343	35,400
Other income		265	187
Finance costs		(14,591)	(6,353)
Other operating expenses		(2,746)	(2,129)
Profit before taxation		35,271	27,105
Taxation		(12,587)	(9,364)
Profit after taxation		22,684	17,741
Basic & diluted earnings per share (Rupees) (Adjusted for bonus shares issued)		3.24	2.54

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

  
**Aitzaz Shahbaz**  
 Director

  
**Talha Saad**  
 Chief Executive

  
**Yusuf H. Shirazi**  
 Chairman




**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008

		September 30, 2008	September 30, 2007
		Rupees in '000'	
Cash used in operations	7	(67,913)	(51,189)
Mark up paid		(9,441)	(3,208)
Gratuity paid		-	(51)
Compensated absences paid		(181)	(3,130)
Income taxes paid		(13,763)	(7,349)
<b>Net cash used in operating activities</b>		<b>(91,298)</b>	<b>(64,927)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(59,356)	(4,443)
Sale proceeds from property, plant and equipment		1,002	2,603
<b>Net cash used in investing activities</b>		<b>(58,354)</b>	<b>(1,840)</b>
Net cash flow before financing activities		(149,652)	(66,767)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short term borrowings		162,747	98,640
<b>Increase in cash and cash equivalents</b>		<b>13,095</b>	<b>31,873</b>
Cash and cash equivalents at the beginning of the period		49,274	37,501
<b>Cash and cash equivalents at the end of the period</b>		<b>62,369</b>	<b>69,374</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


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	Share Capital	General Reserve	Reserved for issue of bonus shares	Unappropriated Profit	Total
	Rupees in '000'				
Balance as at June 30, 2007	60,805	186,500	-	88,693	335,998
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	-	-	-	17,741	17,741
<b>Balance as at September 30, 2007</b>	<b>60,805</b>	<b>228,500</b>	<b>9,121</b>	<b>18,830</b>	<b>317,256</b>
Bonus shares issued	9,121	-	(9,121)	-	-
Profit for the period after taxation	-	-	-	89,056	89,056
Transfer	-	-	-	-	-
<b>Balance as at June 30, 2008</b>	<b>69,926</b>	<b>228,500</b>	<b>-</b>	<b>107,886</b>	<b>406,312</b>
Dividend-Final 2008 (Rs.7.50 per share)	-	-	-	(52,444)	(52,444)
Transfer to general reserve	-	54,000	-	(54,000)	-
Profit for the period after taxation	-	-	-	22,684	22,684
<b>Balance as at September 30, 2008</b>	<b>69,926</b>	<b>282,500</b>	<b>-</b>	<b>24,126</b>	<b>376,552</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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 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, 2008.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements for the three months ended September 30, 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, 2008.

	Note	September 30, 2008	June 30, 2008
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	507,593	468,522
Capital work in progress		57,251	49,340
		<u>564,844</u>	<u>517,862</u>
<b>4.1 Operating fixed assets</b>			
Opening net book value		468,522	308,929
Additions during the period / year	4.2	51,446	27,759
Revaluation during the period / year		-	173,765
		<u>519,968</u>	<u>510,453</u>
Less:			
Written down value of disposals	4.3	884	6,273
Transfer to Surplus		-	(21)
Depreciation		11,491	35,679
		<u>12,375</u>	<u>41,931</u>
		<u>507,593</u>	<u>468,522</u>
<b>4.2 Additions during the period / year</b>			
Building		2,352	-
Plant and machinery		44,819	14,476
Dies Jigs and Moulds		2,109	-
Electric installations		228	177
Air conditioners		32	186
Laboratory equipments		-	374
Vehicles		1,851	8,864
Fork lifters		-	1,132
Factory equipments		-	987
Computers		55	1,563
		<u>51,446</u>	<u>27,759</u>
<b>4.3 Written down value of disposals</b>			
Vehicles		884	6,273

	September 30, 2008	June 30, 2008
<b>5. CONTINGENCIES AND COMMITMENTS</b>		
Confirmed letters of credit relating to:		
Raw materials	98,400	204,074
Stores, spare parts and loose tools	1,470	2,490
Property, plant and equipment	30,095	56,899
Guarantees issued by banks on behalf of company	249	249
	<u>Quarter ended</u>	
Note	<u>September 30, 2008</u>	<u>September 30, 2007</u>
	Rupees in '000'	
<b>6. COST OF SALES</b>		
Finished goods - at the beginning	47,807	35,130
Cost of goods manufactured	666,004	445,647
	<u>713,811</u>	<u>480,777</u>
Finished goods - at the end	71,358	34,519
	<u>642,453</u>	<u>446,258</u>
<b>6.1 Cost of goods manufactured</b>		
Work in process - at the beginning	108,099	66,759
Raw materials and components consumed	550,647	368,704
Overheads	116,721	88,166
	<u>775,467</u>	<u>523,629</u>
Work in process - at the end	109,463	77,982
	<u>666,004</u>	<u>445,647</u>
<b>7. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	35,271	27,105
Adjustments for:		
Depreciation	11,491	8,885
Mark up expense	14,235	5,986
Profit on sale of property, plant and equipment	(118)	(57)
Provision for gratuity	32	18
Provision for compensated absences	1,522	945
Unrealized gain on re-measurement of investments	-	(9)
	<u>27,162</u>	<u>15,768</u>
Operating profit before working capital changes	62,433	42,873
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	385	385
Stock in trade	(159,544)	(59,007)
Trade debts	(1,627)	(19,484)
Loan and advances (excluding tax deducted at source)	(1,007)	(3,840)
Trade deposits and prepayments	41,831	(2,691)
Accrued mark up	(44)	(44)
Other receivables	2,240	26
	<u>(117,766)</u>	<u>(84,655)</u>
Decrease in current liabilities		
Trade and other payables (excluding unclaimed dividend)	(12,580)	(9,407)
Working capital changes	<u>(130,346)</u>	<u>(94,062)</u>
Cash utilized in operations	<u>(67,913)</u>	<u>(51,189)</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	September 30, 2008	September 30, 2007
Sales	Associated companies	39,934	47,423
Purchases	"	2,928	1,205
Actual reimbursement of expenses	"	-	102
Rent	"	2,483	1,714
Insurance premium	"	16,309	11,557
Purchase of property, plant and equipment	"	1,402	664
Royalty	"	15,373	10,649
Mark-up on running finance / other charges	"	2,783	13
Insurance claim	"	-	222
Contribution	Employees' provident fund	1,379	1,131
Contribution	Employees' gratuity fund	552	347
Salaries and other employee benefits	Key management personnel	12,060	8,908

Balances	Relationship	September 30, 2008	June 30, 2008
Trade debts	Associated companies	15,309	3,612
Loans	Key management personnel	599	622
Accrued mark up on secured borrowings	Associated companies	2,905	2,790
Other receivables	"	-	2,240
Royalty	"	67,159	51,786
Short term borrowings - secured	"	63,702	7,926
Trade payable	"	19,130	99,419
Provident fund payable	Employees' provident fund	1,004	-
Gratuity fund payable	Employees' gratuity fund	1,941	1,389
Compensated absences	Key management personnel	11,909	8,487

## 9. DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorized for issue on October 28, 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

## **Atlas Battery Limited**

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

**Ph:** (92-21) 2567990-4 **Fax:** (92-21) 2564703

**Email:** [abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk) **Website:** [www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)