

**FIRST QUARTER  
REPORT  
September 30, 2009**

**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
	Ali H. Shirazi
	Javaid Anwar
	Makio Tanaka
	Muhammad Atta Karim
Company Secretary	Muhammad Iqbal

**AUDIT COMMITTEE**

Chairman	Aitzaz Shahbaz
Members	Ali 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**

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	Allied Bank Limited Atlas Bank Limited Bank Al-Falah Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi UFJ, Limited United Bank Limited
Registered Office / Factory	D-181 Central Avenue, S.I.T.E. Karachi-75730 Tel: 32567990-94, Fax: 32564703
Share Registrar	M/s. Hameed Majeed Associates (Pvt.) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi. Phones: 32424826 & 32412754 Fax: 32424835 E-mail: majeed@hmaconsultants.com
Zonal Office Karachi	PPI Building, Near Sindh Secretariat Building, Shahra-e-Kamal Ataturk, Karachi-74200 Tel: 32636057 - 32610145 Fax: 32626478
Sukkur Office	F -33/4, Barrage Colony, Workshop Road, Sukkur Tel: 612532 Fax: 612532
Zonal Lahore Office	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 37227075 - 37354245 Fax: 37352724
Faisalabad Office	54-Chenab Market, Madina Town, Faisalabad Tel: 38713127 Fax: 38726628
Multan Office	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 34548017
Peshawar Office	1st Floor, Zeenat Plaza, Near General bus stand, G.T. Road, Peshawar, Tel: 32262485
Rawalpindi Office	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 35567423
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 first quarter ended September 30, 2009.

**ECONOMY**

Pakistan economy continues to remain exposed to the international developments as well as internal environment. Despite support from IMF and other associations of donors, Pakistan external account remained negative during the period under review. GDP target for 2009-10 has been set at 3.3%, which will be mainly contributed by agriculture at 3.8%. In spite of some industrialization, Pakistan economy is still highly dependant on agriculture sector growth which is the mainstay of our economy. Tax collection at Rs.258.7 billion remained lower by 1.3% as compared to collections during same period last year. Overseas remittance increased by 24% during July-Sep quarter with total receipts of US\$2.4 billion. Foreign exchange reserves reached US\$14.5 billion by end of Sep 2009. KSE-100 Index was at 9,475.48 points on September 30, 2009. Inflation has been somewhat lower as compared to the previous comparable period.

**OPERATING RESULTS**

Net sales revenue for the 1st quarter was Rs. 836.4 million as compared to Rs. 737.3 million for the same period last year, up 13.4%. Cost of sales for the same period increased from Rs. 642.5 million to Rs. 666.3 million. Resultantly, gross profit percentage improved from 12.9% to 20.3% as compared to the corresponding period of last year.

Operating expenses increased by 28.0% from Rs. 42.5 million to Rs. 54.4 million, mainly due to increase in sales volume. Due to better gross profit, operating profit increased from Rs.49.9 million to Rs.108.4 million, up 117.2%. Financial charges were reduced to Rs.4.1 million as compared to Rs.14.6 million in the corresponding period of last year, mainly due to the combined impact of lower markup rates and lower utilization of running finance facilities as compared to the corresponding period of last year.

Thus the Profit Before Tax for the quarter stands at Rs. 104.3 million as against Rs. 35.3 million during the corresponding period of last year. After providing Rs.35.0 million in respect of current and deferred taxation, the After Tax Profit of your Company stands at Rs. 69.3 million compared to Rs.22.7 million for the corresponding period of last year, an increased of 205.3%. Earnings per share improved from Rs.3.24 to Rs 9.91 during the period under review.

**FUTURE OUTLOOK**

Pakistan economy is passing through difficult times and so is the automotive industry. Although during the July-Sep 2009 quarter, car and motorcycle segments of this sector showed signs of recovery as compared to the same period last year, major car makers are still facing problems of capacity utilization. During the period from July 2009 to September 2009, sales of locally manufactured cars grew by 22% to 26,812 units as compared to 21,964 units sold during the same period of last year. However, during the same period, sales of

light commercial vehicles, trucks and buses went down by 21%, 25.4% and 1.8% respectively. In the two-wheeler segment, sales improved from 126,420 units to 159,099 units during July-Sep quarter with a handsome growth of 25.8%. Increased mark up rates and current political-economic conditions in the country are the major factors which attribute to auto sales slowdown during the period under review.

On the other hand, we have started experiencing gradual increase in price of basic raw materials i.e. refined lead and locally available lead. Additionally, increase in cost of energy related facilities will have a multiple impact on the cost of production. All these factors will definitely put more pressure on the Management of your Company to be competitive in this challenging environment and plan for sustained growth and profitability of your Company. The Management of your Company will continue its focus to meet customers' demand with improved quality, productivity and cost control to provide the best products to meet their needs.

عہدہ باز پیکر اطفال ہے دنیا مرے آگے

(We have the ability to succeed in all circumstances)

#### ACKNOWLEDGEMENT

I would like to thank our JV 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 Group Executive Committee, Chief Executive; Mr. Talha Saad and his team for their dedication and commitment to achieve your Company's growth in difficult times.



Yusuf H. Shirazi

Karachi: October 28, 2009

#### CONDENSED INTERIM BALANCE SHEET


AS AT SEPTEMBER 30, 2009

Note	(Unaudited) September 30, 2009	(Audited) June 30, 2009
Rupees in '000'		
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
4	690,215	635,294
	11,546	-
	-	-
	517	2,439
<b>CURRENT ASSETS</b>		
5	16,201	14,122
	409,866	434,594
	50,625	88,521
	4,307	2,381
	11,717	7,025
	6,298	6,132
	26	14
	95,553	80,742
6	117,018	28,892
	711,611	662,423
	1,413,889	1,300,156
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
	100,000	100,000
	69,926	69,926
	460,959	461,620
	530,885	531,546
	173,786	173,786
	92,763	85,627
	373,052	329,326
	2,417	1,603
8	120,452	103,616
	16,517	-
	104,017	74,652
	616,455	509,197
	1,413,889	1,300,156


The annexed notes 1 to 15 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, 2009

	Note	Quarter ended	
		September 30, 2009	September 30, 2008
Rupees in '000'			
Revenue		836,424	737,275
Cost of sales	10	(666,341)	(642,453)
Gross profit		170,083	94,822
Distribution costs		(31,193)	(26,305)
Administrative expenses		(23,219)	(16,174)
Other operating income		595	265
Other operating expenses		(7,870)	(2,746)
Profit from operation		108,396	49,862
Finance costs		(4,133)	(14,591)
Profit before tax		104,263	35,271
Taxation	11	(34,999)	(12,587)
Profit after tax		69,264	22,684
Earnings per share basic & diluted (Rupees)		9.91	3.24

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2009

		September 30, 2009	September 30, 2008
		Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	12	228,343	(67,913)
Markup / interest paid		(2,783)	(9,441)
Gratuity paid		(31)	-
Compensated absences paid		(383)	(181)
Income taxes paid		(20,750)	(13,763)
Long term deposits		1,922	-
Net cash generated from / (used in) operating activities		206,318	(91,298)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(69,246)	(59,356)
Intangible assets		(13,196)	-
Sale proceeds of investment		-	1,002
Sale proceeds from property, plant and equipment		825	-
Net cash used in investing activities		(81,617)	(58,354)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in short term borrowings		16,836	162,747
Dividend paid		(53,411)	-
Net cash (used in) / generated from financing activities		(36,575)	162,747
Increase in cash and cash equivalents		88,126	13,095
Cash and cash equivalents at the beginning of the period		28,892	49,274
Cash and cash equivalents at the end of the period		117,018	62,369

The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2009

	Share Capital	General Reserve	Reserved for issue of bonus shares	Unappropriated Profit	Total
	Rupees in '000'				
Balance as at June 30, 2008	69,926	228,500	-	107,886	406,312
Cash Dividend (2008) @ Rs. 7.5/- per share	-	-	-	(52,444)	(52,444)
Transfer to general reserve	-	54,000	-	(54,000)	-
Bonus shares	-	-	-	-	-
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>
Profit for the period after taxation	-	-	-	154,994	154,994
<b>Balance as at June 30, 2009</b>	<b>69,926</b>	<b>282,500</b>	<b>-</b>	<b>179,120</b>	<b>531,546</b>
Cash Dividend (2009) @ Rs.10/- per share	-	-	-	(69,925)	(69,925)
Transfer to general reserve	-	93,000	-	(93,000)	-
Bonus shares	-	-	13,985	(13,985)	-
Profit for the period after taxation	-	-	-	69,264	69,264
<b>Balance as at September 30, 2009</b>	<b>69,926</b>	<b>375,500</b>	<b>13,985</b>	<b>71,474</b>	<b>530,885</b>


The annexed notes 1 to 15 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 QUARTER ENDED SEPTEMBER 30, 2009

**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 of the Company and the manufacturing facilities are located at Karachi with branches at Lahore, Multan, Rawalpindi, Faisalabad, Sahiwal, Peshawar and Sukkur.

**2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with the requirements of the 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 and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2009.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of financial statements for the preceding year ended June 30, 2009. The following standards, amendments and interpretations of approved accounting standards, effective for accounting period beginning as at January 1, 2009 are either not relevant to the Company's operations or are not having significant impact on the Company's financial statement other than certain increased disclosures:

Revised IAS 1 - Presentation of Financial Statement  
 Revised IAS 23 - Borrowing Costs  
 IAS 27 - Consolidated and Separate Financial Statements  
 Amendment to IAS 32 - Financial Instruments  
 Amendment to IFRS 2 - Share Based Payment  
 Amendment to IFRS 8 - Operating Segments

There was no item to be recognized in other Comprehensive Income.

**4. PROPERTY, PLANT AND EQUIPMENT**

	Note	September 30, 2009	June 30, 2009
		Rupees in '000'	
Operating fixed assets	4.1	675,583	576,825
Capital work in progress		14,632	58,469
		<u>690,215</u>	<u>635,294</u>
<b>4.1 Operating fixed assets</b>			
Opening net book value		576,825	468,522
Additions during the period / year	4.2	113,083	155,263
		689,908	623,785
Less:			
Written down value of disposals	4.3	704	3,878
Depreciation		13,621	43,082
		<u>14,325</u>	<u>46,960</u>
		<u>675,583</u>	<u>576,825</u>

	September 30, 2009	June 30, 2009
	Rupees in '000'	
<b>4.2 Additions during the period / year</b>		
Land	48,105	-
Buildings on leasehold land	-	40,316
Plant and machinery	45,145	92,189
Dies Jigs and Moulds	-	7,825
Electric installations	5,516	4,647
Office equipment	104	-
Air conditioners	-	198
Vehicles	4,717	5,819
Fork lifters	3,618	-
Factory equipments	3,984	3,614
Computers	1,894	655
	<u>113,083</u>	<u>155,263</u>
<b>4.3 Written down value of disposals</b>		
Vehicles:		
Cost	1,320	5,895
Accumulated depreciation	616	2,017
	<u>704</u>	<u>3,878</u>
<b>5. Stock in trade</b>		
Raw materials		
-In hand	216,650	163,641
-With third parties	51,818	45,713
Work-in-process	97,109	90,802
Finished goods	25,954	47,612
Goods in transit	18,335	86,826
	<u>409,866</u>	<u>434,594</u>
<b>6. Cash and bank balances</b>		
With banks:		
-In current accounts	1,302	8,327
-In imprest accounts	1,293	119
-Term deposits	700	700
Cheques in hand	113,723	19,746
	<u>117,018</u>	<u>28,892</u>
<b>7. Deferred liabilities</b>		
Provision for gratuity - Non management	1,339	1,325
Compensated leave absences	21,351	19,863
Deferred taxation	70,073	64,439
	<u>92,763</u>	<u>85,627</u>
<b>8. Short term borrowings - secured</b>		
Running finance from Banks	120,452	103,616
<b>9. Contingencies &amp; commitments</b>		
<b>9.1 Guarantees</b>		
Issued by banks on behalf of company	5,417	3,495
<b>9.2 Commitments</b>		
Confirmed letters of credit relating to:		
Raw materials and stores. Spare parts and loose tools	117,872	161,261
Plant and equipment	9,819	36,931

	Note	Quarter ended	
		September 30, 2009	September 30, 2008
<b>10. COST OF SALES</b>			
Finished goods - at the beginning		47,612	47,807
Cost of goods manufactured	10.1	644,683	666,004
		<u>692,295</u>	<u>713,811</u>
Finished goods - at the end		25,954	71,358
		<u>666,341</u>	<u>642,453</u>
<b>10.1 Cost of goods manufactured</b>			
Work in process - at the beginning		90,802	108,099
Raw materials and components consumed		514,736	550,647
Overheads		136,254	116,721
		<u>741,792</u>	<u>775,467</u>
Work in process - at the end		97,109	109,463
		<u>644,683</u>	<u>666,004</u>
<b>11. TAXATION</b>			
Current		29,365	7,269
Deferred		5,634	5,318
		<u>34,999</u>	<u>12,587</u>
<b>12. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before taxation		104,263	35,271
Adjustments for:			
Depreciation		13,621	11,491
Amortization		1,650	-
Mark up expense		3,597	14,235
Profit on sale of property, plant and equipment		(121)	(118)
Provision for gratuity		45	32
Provision for compensated absences		1,871	1,522
Unrealized gain on re-measurement of investments		(166)	-
		<u>20,497</u>	<u>27,162</u>
Operating profit before working capital changes		124,760	62,433
(Increase) / decrease in current assets			
Stores, spares parts and loose tools		(2,079)	385
Stock in trade		24,728	(159,544)
Trade debts		37,896	(1,627)
Loan and advances		(1,926)	(1,007)
Trade deposits and prepayments		(4,692)	41,831
Accrued mark up		(12)	(44)
Other receivables (excluding tax deducted at source)		5,939	2,240
		<u>59,854</u>	<u>(117,766)</u>
Increase / (decrease) in current liabilities			
Trade and other payables (excluding unclaimed dividend)		43,729	(12,580)
Working capital changes		103,583	(130,346)
<b>Cash generated from / (used in) operations</b>		<u>228,343</u>	<u>(67,913)</u>

### 13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Transactions	Relationship	September 30,	September 30,
		2009	2008
		Rupees in '000'	
Sales	Associated companies	46,282	39,934
Purchases	"	2,883	2,928
Actual reimbursement of expenses	"	424	-
Rent	"	4,567	2,483
Insurance premium	"	15,636	16,309
Purchase of property, plant and equipment	"	4,717	1,402
Sale of property, plant and equipment	"	515	-
Royalty	"	4,283	15,373
Dividend paid	"	37,052	-
Mark-up on running finance / other charges	"	-	2,783
Insurance claim	"	2,264	-
Contribution	Employees' provident fund	1,774	1,379
Contribution	Employees' gratuity fund	459	552
Contribution	Employees' pension fund	43	-
Salaries and other employee benefits	Key management personnel	19,352	12,060

Note	September 30, 2009	June 30, 2009
Rupees in '000'		

Related party balances at period / year end as follows:

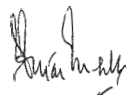
Receivable from related parties	19,624	19,830
Payable to related parties	52,439	42,004

### 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2009 by the Board of Directors of the Company.

### 15. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Aitzaz Shahbaz  
Director



Talha Saad  
Chief Executive



Yusuf H. Shirazi  
Chairman