

QUARTERLY
REPORT
September 30, 2007



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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
	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	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 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 1st quarter ended September 30, 2007.

THE ECONOMY

Pakistan's economy continues to perform impressively. The growth has been strong due to growth in agriculture, manufacturing and services, respectively. The outcome has been made possible by continued prudent macroeconomic management and structural reforms that have encouraged a strong showing in domestic & foreign investment. Despite the current political uncertainty and socio-economic disorder the overall foreign investment flow has remained encouraging. The impressive performance has not only put Pakistan on the radar screen of global investors but also helped it as one of the fastest growing economies in the asian region.

The real GDP growth increased to 7 percent against average inflation of 8 percent. However, the 12 months are declined to 6.5 percent in the recent months.

The prospects for sustained high growth during 2007-08 and over the medium term would thus remain favourable, as macroeconomic stability and market oriented reforms further take hold against this background. The focus as such, among others would warrant that the external current account deficit is controlled. Fiscal consolidation during 2007-08, would contribute significantly to reducing the external current deficit by lessening pressure on interest rate. A strategic shift in the monetary policy formulation would allow greater scope for private sector credit, in line with the growth of the economy.

INDUSTRY

The organized sector of the industry continued experiencing unabated increase in the input cost of basic raw materials. The price of lead metal touched US\$ 4,000 per MT on London Metal Exchange in the earlier of this month. Additionally, crude oil is also hitting historical levels of US\$ 90 per barrel. Volatility in oil price still persists and is expected to remain there during FY'08. This could mainly be due to the current global economic growth that might result in higher demand for oil, thus pushing up prices. A higher oil price may result in negative impact on the economic cycle, on the whole. Both of these factors will have an adverse affect on the gross margins of the battery industry worldwide. This unabated cost increase can not be passed fully to the customers.

OPERATING RESULTS

Net sales revenue for the quarter was Rs.516.2 million, up 44.8% as compared to the revenue of Rs.356.4 million for the same period last year. Gross profit was Rs.69.9 million as against Rs.65.2 million for the corresponding period of last year. Operating expenses increased to Rs.34.5 million as compared to Rs.31.8 million during the corresponding period of last year. However, as a percentage of net sales value, they dropped from 8.9% to 6.6%. Financial and other charges remained higher by Rs.0.7 million due to higher utilization of running finance facility and higher mark up charges.

Profit before Tax for the quarter was Rs.27.1 million compared to Rs.25.8 million for the corresponding period of last year. After making a provision of Rs.9.4 million in respect of

current and deferred taxation, the after Tax Profit of your Company was Rs.17.7 million compared to Rs.17.0 million of corresponding period of last year.

FUTURE OUTLOOK

The year 2007- 08 is crucial for the Pakistan economy, as the general elections are going to be held during third quarter of this fiscal year. The political situation in Pakistan is expected to be stable after the elections and continuation of existing policies will help the economy to continue to grow further in fiscal year 2007-08. However, unprecedented increase in cost of major input materials during the preceding two years has put the battery industry in a challenging and difficult position. Nevertheless, the Management of your Company will continue to focus on quality, productivity and cost control to improve its competitiveness through internal cost reduction plans and optimizing sourcing of raw materials.

ع شائیں کا جہاں اور

(Our Vision is beyond horizons)

ACKNOWLEDGEMENT

I would like to thank our joint venture partner, 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 Mr. Aamir H. Shirazi, Management team, staff and associates of the Company for their dedication and commitment to achieve your Company's growth in difficult times.



Karachi: October 30, 2007

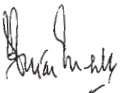
Yusuf H. Shirazi

BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2007

	Note	September 30 2007	June 30 2007
Rupees in '000'			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	304,007	310,995
Long term Investment - Available for sale		-	-
Long term deposits		4,012	4,012
CURRENT ASSETS			
Stores, spare parts and loose tools		10,345	10,730
Stock-in-trade		365,178	306,171
Trade debts		71,318	51,834
Loans and Advances		41,883	30,694
Trade deposits and prepayments		5,517	2,826
Investments at fair value through profit and loss		287	278
Accrued mark-up / interest		219	175
Other receivables		-	26
Cash and bank balances		69,374	37,501
		564,121	440,235
TOTAL ASSETS		872,140	755,242
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	60,805
Revenue reserves		256,447	275,193
		317,252	335,998
NON CURRENT LIABILITIES			
Deferred taxation		48,959	46,779
Retirement benefit obligation		13,887	16,102
CURRENT LIABILITIES			
Trade and other payables		146,840	156,154
Mark-up accrued on borrowings		5,155	2,469
Short term borrowings		269,840	171,200
Dividend Payable		36,483	-
Provision for taxation		33,724	26,540
		492,042	356,363
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		872,140	755,242

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


Aitzaz Shahbaz
Director

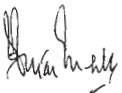

Talha Saad
Chief Executive


Yusuf H. Shirazi
Chairman

PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Note	Quarter ended	
		September 30	September 30
		2007	2006
Rupees in '000'			
Sales		516,154	356,425
Cost of sales	6	(446,258)	(291,237)
Gross profit		69,896	65,188
Distribution costs		(20,429)	(22,958)
Administrative expenses		(14,067)	(8,856)
Other operating expenses		(2,129)	(2,021)
Other operating income		187	271
		33,458	31,624
Finance costs		(6,353)	(5,819)
Profit before taxation		27,105	25,805
Taxation		(9,364)	(8,781)
Profit after taxation		17,741	17,024
Earnings per share - basic and diluted		2.92	2.80

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



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



Yusuf H. Shirazi
Chairman

CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

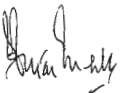
	September 30 2007	September 30 2006
	Rupees in '000'	
Net profit before taxation	27,105	25,805
Adjustments for:		
Depreciation	8,885	9,864
Markup charges	5,986	5,477
Profit on sale of property, plant and equipment	(57)	(54)
Provision for gratuity	18	30
Provision for compensated absences	945	912
Unrealized gain on re-measurement of investments	(9)	(3)
	<u>15,768</u>	<u>16,226</u>
Operating profit before working capital changes	42,873	42,031
Working capital changes:		
(Increase) / Decrease in Current Assets		
Stores, spares parts & loose tools	385	(3,082)
Stock-in-trade	(59,007)	(43,578)
Trade debts	(19,484)	(17,618)
Loan and advances (excluding tax deducted at source)	(3,840)	(1,204)
Trade deposits and prepayments	(2,691)	(8,417)
Interest accrued	(44)	-
Other receivables	26	213
	<u>(84,655)</u>	<u>(73,686)</u>
(Decrease) / Increase in Current Liabilities		
Trade and other payables (excluding unclaimed dividend)	<u>(9,407)</u>	<u>11,396</u>
Working Capital changes	<u>(94,062)</u>	<u>(62,290)</u>
Cash utilized in operations	<u><u>(51,189)</u></u>	<u><u>(20,259)</u></u>
ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS		
Balance at beginning of year	37,501	30,309
Net Cash inflow / (outflow)	31,873	(28,534)
Balance at end of the period	<u><u>69,374</u></u>	<u><u>1,775</u></u>

CASH FLOW STATEMENT (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	September 30 2007	2006
	Rupees in '000'	
Cash utilized in operations	(51,189)	(20,259)
Mark-up charges paid	(3,208)	(3,340)
Gratuity paid	(51)	(56)
Compensated absences paid	(3,130)	(50)
Income taxes paid	(7,349)	(1,818)
Net cash utilized in operations	(64,927)	(25,523)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(4,443)	(53,942)
Sale proceeds from property, plant and equipment	2,603	1,280
Net cash used-in Investing Activities	(1,840)	(52,662)
Net cashflow before Financing Activities	(66,767)	(78,185)
FINANCING ACTIVITIES		
Increase in short term borrowings	98,640	53,651
Repayment of long term financing	-	(4,000)
Cash flow from financing activities	98,640	49,651
Increase / (Decrease) in cash & cash equivalents	31,873	(28,534)

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



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive

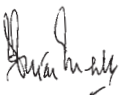


Yusuf H. Shirazi
Chairman

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Share Capital	General Reserve	Reserve for Issue of bonus shares	Unappro- priated profit	Total
	Rupees in '000'				
Balance as at June 30, 2006	52,874	169,500	-	41,976	264,350
Transfer to General reserve	-	17,000	-	(17,000)	-
Dividend	-	-	-	(15,862)	(15,862)
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	18,207	265,512
Bonus shares issued	7,931	-	(7,931)	-	-
Profit for the period after taxation	-	-	-	70,486	70,486
Balance as at June 30, 2007	60,805	186,500	-	88,693	335,998
Dividend	-	-	-	(36,483)	(36,483)
Transfer	-	42,000	-	(42,000)	-
Bonus shares	-	-	9,121	(9,121)	-
Profit for the period after taxation	-	-	-	17,741	17,741
Balance as at September 30, 2007	60,805	228,500	9,121	18,826	317,252

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



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



Yusuf H. Shirazi
Chairman

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 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 quarter ended September 30, 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, 2007.

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, 2007 figures appearing in these financial statements are unaudited.

	Note	As at	
		September 30 2007	June 30 2007
4 FIXED ASSETS			
Property, Plant and Equipment	4.01	304,007	308,929
Capital work in progress		-	2,066
		304,007	310,995
4.01 Property, Plant and Equipment			
Opening net book value		308,929	239,623
Additions during the period		6,509	106,741
		315,438	346,364
Less:			
Written down value of disposals		2,546	3,539
Depreciation		8,885	33,896
		11,431	37,435
		304,007	308,929
5 COMMITMENTS			
Confirmed letters of credit relating to:			
Raw materials		129,773	139,198
Stores, spareparts and loose tools		1,985	-
Property, plant and equipment		1,024	3,663
Guarantees issued by banks on behalf of company		472	24

	Note	Quarter Ended	
		September 30 2007	September 30 2006
6 COST OF SALES			
Stocks at the beginning		35,130	52,530
Cost of goods manufactured	6.01	445,647	296,037
		<u>480,777</u>	<u>348,567</u>
Stocks at the end		34,519	57,330
		<u>446,258</u>	<u>291,237</u>
6.01 Cost of goods manufactured			
Work in process at the beginning		66,759	49,667
Raw material & components consumed		368,704	212,029
Overheads		88,166	69,197
		<u>523,629</u>	<u>330,893</u>
Work in process at the end		77,982	34,856
		<u>445,647</u>	<u>296,037</u>

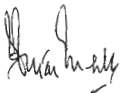
7 RELATED PARTY TRANSACTIONS

Sales	47,423	38,423
Purchases	66	91
Actual reimbursement of expenses	102	208
Rent & Insurance premium	13,271	9,565
Purchase of property, plant and equipment	664	4,258
Royalty	10,649	7,418
Purchase of natural gas	5,459	4,759
Insurance claims	222	434

	As at	
	September 30 2007	June 30 2007
Period end balances of Related Parties		
Receivable from	11,050	1,584
Payable to	56,416	55,756

8 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 30, 2007 by the Board of Directors of the Company.



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



Yusuf H. Shirazi
Chairman

Atlas Battery Limited

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