



QUARTERLY REPORT
SEPTEMBER 30, 2010



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Yusuf H. Shirazi
Directors	Aitzaz Shahbaz
	Javaid Anwar
	Makio Tanaka
	Muhammad Atta Karim
	Talha Saad
President / Chief Executive	Ali H. Shirazi
Company Secretary	Muhammad Iqbal

AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Muhammad Atta Karim
	Talha Saad
Head of Internal Audit	M. Rizwan Jamil
Secretary	Muhammad Saleem

MANAGEMENT COMMITTEE

President / Chief Executive	Ali H. Shirazi
Managing Director	Talha Saad
Chief Financial Officer	Ahmad Zafaryab Ali
General Manager Marketing	Arshad Gulraiz Butt
General Manager Quality Assurance	Muhammad Jamil Awan
General Manager Plant	Shahzad Ahmad Khan
Manager Human Resources	Ahmar Waheed
Company Secretary	Muhammad Iqbal
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	Ernst & Young Ford Rhodes Sidat Hyder 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
Share Registrar	M/s. Hameed Majeed Associates (Pvt.) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi. Tel: 32424826 & 32412754 Fax: 32424835 E-mail: majeed@hmaconsultants.com
Registered Office / Factory	D-181 Central Avenue, S.I.T.E. Karachi-75730 Tel: 32567990-94 Fax: 32564703
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 Office Lahore	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 37227075 - 37354245 Fax: 37352724
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 first quarter ended September 30, 2010.

ECONOMY

Pakistan economy is currently facing challenges on the political, social as well as economic fronts. The recent floods will setback the economy in terms of macroeconomic stability and growth prospects during the year. Provisional estimates suggest that economic growth for the year 2010-11 could come down to 2.5% from an earlier target of 4.5%. Estimates suggest inflation will rise to 14.5% as government strives to eliminate electricity subsidies and introduce broad based Value Added Tax. Escalating government borrowings, which touched Rs.220 billion during first quarter of FY 2010-11, needs to be curbed to fight inflation and meet IMF targets. However, record home remittances will serve as the necessary silver lining with remittances touching a record \$2.6 billion as compared to \$2.3 billion in the corresponding period last year. Foreign exchange reserves of \$17 billion will also provide some cushion to the macro economy. Expected increase in support price of wheat to Rs.1,000 per 40Kg and cotton at 7,500 per 40 Kg should help improve farmer's income and possibly result in agriculture growth bouncing back sharply in the next fiscal year.

OPERATING RESULTS

Net sales revenue for the 1st quarter was Rs.1,217.6 million as compared to Rs.836.4 million for the same period last year, up 45.6%. Cost of sales for the same period increased by 51.3% from Rs.666.3 million to Rs.1,008 million. The main reason of this increase is depreciation of Pak rupee by 3.5% against US \$, being the major currency of imports, as well as increase in cost of all raw materials. Resultantly, these factors reduced gross profit to 17.2% from 20.3% in the corresponding period of last year. However, in terms of value it improved by 23.3% to Rs.209.6 million from Rs.170.1 million.

Operating expenses, after netting off operating income, increased from Rs.61.7 million to Rs.68.3 million; up 10.7%, mainly due to increase in sales volume. However as a percentage of sales revenue, these reduced to 5.6% from 7.4% during the same period of last year. Operating profit increased from Rs.108.4 million to Rs.141.3 million, up 30.4%. Financial charges increased to Rs.11.4 million as compared to Rs.4.1 million in the corresponding period of last year, due to higher utilization of running finance facilities as compared to the corresponding period of last year.

Thus the profit before tax for the quarter stood at Rs.129.9 million as against Rs.104.3 million during the corresponding period of last year; up 24.5%. After providing Rs.45.6 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.84.3 million compared to Rs.69.3 million of corresponding period of last year. Earnings per share after adjusting bonus shares issue, improved from Rs.6.88 to Rs.8.37, a commendable achievement in these difficult times.

FUTURE OUTLOOK

Pakistan economy may continue to face challenges of economic volatility, energy crisis, heavy reliance on import of oil, ongoing war on terror and worsening law and order situation. The recent increase in discount rate by 100 basis points by SBP will also increase the cost of doing business. However, the Pakistan economy is innately resilient to such shocks and on the back of a strong rural economy, will re-emerge and show strong GDP growth in the future.

Despite the challenging environment, the most important strategic goal of your Company is to strengthen the business over the long term and improve its positioning in next 4-5 years. The growth of automotive and motorcycle industry will continue to play a vital role for the battery industry. Moreover, with no ease in power breakdowns, consumers will increasingly turn to generators and UPS to meet their energy needs which would help grow demand for heavy batteries. In order to meet this growing need, your Company is ready to serve its loyal customers on the basis of un-matched quality products throughout the country. The management team of your Company will further deepen its focus to meet customers' demand with improved quality, productivity and efficiency:

بانیچہ اطفال بے دُنیا میرے آگے

(We have the ability to face any situation)

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 Group Executive Committee, Group President; Mr. Aamir H. Shirazi, Group Director Engineering; Mr. Jawaid Iqbal Ahmed, Chief Executive; Mr. Ali H. Shirazi and his team for their dedication and commitment to achieve your Company's growth year after year.




Yusuf H. Shirazi
Chairman

CONDENSED INTERIM BALANCE SHEET


AS AT SEPTEMBER 30, 2010

		(Unaudited) September 30, 2010	(Audited) June 30, 2010
	Note	----- Rupees in '000' -----	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	792,187	756,339
Intangible assets	6	11,546	-
Investments - Available for sale		-	-
Long term deposits		517	517
Long term loans		243	270
		<u>804,493</u>	<u>757,126</u>
CURRENT ASSETS			
Stores, spares and loose tools		22,870	22,413
Stock-in-trade	7	617,246	531,597
Trade debts		80,240	100,396
Loans and advances		4,291	2,350
Deposits and prepayments		26,177	5,928
Investments	8	8,669	26,224
Accrued mark-up / interest		-	195
Sales tax - net		23,426	31,050
Advance tax - net		15,473	6,792
Cash and bank balances	9	150,179	29,869
		<u>948,571</u>	<u>756,814</u>
TOTAL ASSETS		<u><u>1,753,064</u></u>	<u><u>1,513,940</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
50,000,000 (June 30, 2010: 10,000,000) ordinary shares of Rs. 10/- each		<u>500,000</u>	<u>100,000</u>
Issued, subscribed and paid up capital	10	100,693	83,911
Revenue reserves		497,500	375,500
Unappropriated profit		86,342	224,743
		<u>684,535</u>	<u>684,154</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
Leasehold land		173,786	173,786
NON CURRENT LIABILITIES			
Deferred liabilities	11	128,254	111,246
CURRENT LIABILITIES			
Trade and other payables		310,568	368,911
Accrued mark-up / interest		8,413	1,245
Short term borrowings - secured	12	436,180	174,598
Dividend payable		11,328	-
		<u>766,489</u>	<u>544,754</u>
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		<u><u>1,753,064</u></u>	<u><u>1,513,940</u></u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive




Aitzaz Shahbaz
Director


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	Quarter ended	
		September 30, 2010	September 30, 2009
		Rupees in '000'	
Sales		1,217,622	836,424
Cost of sales	14	(1,007,982)	(666,341)
Gross profit		209,640	170,083
Distribution cost		(35,537)	(31,193)
Administrative expenses		(23,732)	(23,219)
Other operating income		913	595
Other operating expenses		(9,957)	(7,870)
Profit from operations		141,327	108,396
Finance cost		(11,379)	(4,133)
Profit before tax		129,948	104,263
Taxation		(45,655)	(34,999)
Profit after tax		84,293	69,264
Other comprehensive income		-	-
Total comprehensive income for the period		84,293	69,264
Basic & diluted earnings per share (Adjusted for bonus shares issued)	Rupees	8.37	6.88

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Aitzaz Shahbaz
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010

	Note	Quarter ended	
		September 30, 2010	September 30, 2009
		Rupees in '000'	
Cash generated from operations	15	21,639	228,343
Mark-up / interest paid		(4,211)	(2,783)
Mark-up / interest received		320	-
Income taxes paid (including tax deducted at source)		(39,578)	(20,750)
Gratuity paid		-	(31)
Compensated absences paid		-	(383)
Long term deposits		-	1,922
Long term loans		27	-
Net cash (used in) / generated from operating activities		(21,803)	206,318
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(65,776)	(69,246)
Intangible assets		-	(13,196)
Investments acquired		(2,260)	-
Proceeds from disposal of property, plant and equipment		1,150	825
Proceeds from disposal of investments		20,000	-
Net cash used in investing activities		(46,886)	(81,617)
Net cash flow before financing activities		(68,689)	124,701
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		261,582	16,836
Dividend paid		(72,583)	(53,411)
Net cash generated from / (used in) financing activities		188,999	(36,575)
Increase in cash and cash equivalents		120,310	88,126
Cash and cash equivalents at the beginning of the period		29,869	28,892
Cash and cash equivalents at the end of the period		150,179	117,018

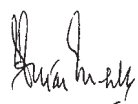
The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive





Aitzaz Shahbaz
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

	Share Capital	General Reserve	Reserved for issue of bonus shares	Unappropriated Profit	Total
----- Rupees in '000' -----					
Balance as at June 30, 2009	69,926	282,500	-	179,120	531,546
Total comprehensive income for the period	-	-	-	69,264	69,264
Cash dividend (2009) paid @ Rs.10 per share	-	-	-	(69,926)	(69,926)
Transfer to general reserve	-	93,000	-	(93,000)	-
Transfer to reserved for issue of bonus shares	-	-	13,985	(13,985)	-
Transaction with owner directly recorded in equity	-	93,000	13,985	(176,911)	(69,926)
Balance as at September 30, 2009	69,926	375,500	13,985	71,473	530,884
Total comprehensive income for the period	-	-	-	153,270	153,270
Bonus shares issued	13,985	-	(13,985)	-	-
Transaction with owner directly recorded in equity	13,985	-	(13,985)	-	-
Balance as at June 30, 2010	83,911	375,500	-	224,743	684,154
Total comprehensive income for the period	-	-	-	84,293	84,293
Cash dividend (2010) paid @ Rs.10 per share	-	-	-	(83,911)	(83,911)
Transfer to general reserve	-	122,000	-	(122,000)	-
Bonus shares issued	16,782	-	-	(16,782)	-
Transaction with owner directly recorded in equity	16,782	122,000	-	(222,693)	(83,911)
Balance as at September 30, 2010	100,693	497,500	-	86,342	684,535

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Yusuf H. Shirazi
Chairman


Ali H. Shirazi
President / Chief Executive


Aitzaz Shahbaz
Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

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 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 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 in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies, related judgments, estimates, assumptions and methods of computation adopted for the preparation of these condensed interim financial statements for the quarter ended September 30, 2010 are the same as those applied in the preparation of the preceding annual audited published financial statements of the Company for the year ended June 30, 2010.

4. PRESENTATION

Figures in these condensed interim financial statements have been rounded off to the nearest thousand rupees.

September 30, June 30,
2010 2010
Note ----- Rupees in '000' -----

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	788,844		680,935
Capital work in progress		3,343		75,404
		792,187		756,339
5.1 Operating fixed assets				
Opening net book value		680,935		576,825
Additions during the period / year	5.2	124,641		160,896
		805,576		737,721
Less:				
Written down value of disposals	5.3	1,044		2,560
Depreciation		15,688		54,226
		16,732		56,786
		788,844		680,935

September 30, June 30,
2010 2010
Note ----- Rupees in '000' -----

5.2 Additions during the period / year

Land		48,105	-
Building		-	7,200
Plant and machinery		70,291	100,804
Electrical installation		3,023	-
Dies, Jigs and Moulds		1,008	15,998
Laboratory equipments		-	1,003
Air conditioners		53	425
Vehicles	5.2.1	2,081	12,141
Fork lifters		-	3,618
Office equipments		-	40
Factory equipments		-	15,630
Computer equipments		80	4,037
		<u>124,641</u>	<u>160,896</u>

5.2.1 Additions include Rs. 291 thousand cost of vehicles, which are not registered in the name of the Company.

5.3 Written down value of disposals

Plant and machinery	Cost	-	296
	Accumulated depreciation	-	252
		-	44
Office equipments	Cost	40	-
	Accumulated depreciation	2	-
		38	-
Electrical installation	Cost	-	647
	Accumulated depreciation	-	214
		-	433
Vehicles	Cost	1,870	3,765
	Accumulated depreciation	929	1,698
		941	2,067
Computer equipments	Cost	77	41
	Accumulated depreciation	12	25
		65	16
		<u>1,044</u>	<u>2,560</u>

5.4 Certain moulds, dies and jigs having cost of Rs. 30,908 thousands (June 30, 2010: Rs. 30,908 thousands) and book value of Rs. 16,652 thousands (June 30, 2010: 17,079 thousands) are held by third parties for production of components to be supplied to the Company.

6. INTANGIBLE ASSETS

Software	5,796	-
Implementation cost	7,400	-
	13,196	-
Less: Amortization	1,650	-
	<u>11,546</u>	<u>-</u>

September 30, June 30,
2010 2010
Note ----- Rupees in '000' -----

7. STOCK-IN-TRADE

Raw materials and components:			
In hand	339,410	243,613	
With third parties	62,318	14,693	
	401,728	258,306	
Work in process	143,038	115,589	
Finished goods	48,951	69,056	
Goods in transit	23,529	88,646	
	617,246	531,597	

8. INVESTMENTS

AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

September 30, June 30,
2010 2010
(Number of Units)

638,131	621,348	ABL Income Fund	8.1	6,385	6,224
-	-	Pre IPO subscription			
22,256	-	in HBL Money Market Fund		-	20,000
		UBL Liquidity Plus Fund		2,284	-
660,387	621,348			8,669	26,224
				8,669	26,224

8.1 606,660 units (June 30, 2010: 606,660 units) valuing Rs. 6,070 thousands (June 30, 2010: Rs. 6,077 thousands) are under lien of bank against bank guarantee amounting to Rs. 5,417 thousand (June 30, 2010: Rs.5,417 thousand) issued in favour of Sui Southern Gas Company, on behalf of the Company.

9. CASH AND BANK BALANCES

In current account	901	898
In imprest account	938	151
Cheques in hand	148,340	28,820
	150,179	29,869
	150,179	29,869

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, June 30,
2010 2010
(Number of Shares)

1,300,000	1,300,000	Ordinary shares of Rs. 10 each fully paid-up in cash	13,000	13,000
8,769,312	7,091,094	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	87,963	70,911
10,069,312	8,391,094		100,963	83,911
			100,963	83,911

September 30, June 30,
2010 2010
Note ----- Rupees in '000' -----

11. DEFERRED LIABILITIES

Provision for gratuity - Non management	1,498	1,453
Compensated leave absences	30,984	28,779
Deferred taxation	95,772	81,014
	128,254	111,246

12. SHORT TERM BORROWINGS - SECURED

Running finance from banks	346,180	84,598
Demand finance from bank	90,000	90,000
	436,180	174,598

13. CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit relating to:		
Raw materials and stores, spares and loose tools	243,747	283,980
Property, plant and equipment	52,666	57,414
	5,417	5,417

September 30, September 30,
2010 2009
Note ----- Rupees in '000' -----

14. COST OF SALES

Stock at beginning		69,056	47,612
Cost of goods manufactured	14.1	987,877	644,683
		1,056,933	692,295
Stock at end		48,951	25,954
		1,007,982	666,341

14.1 Cost of goods manufactured

Work in process at beginning		115,589	90,802
Raw materials and components consumed		833,364	514,736
Overheads		181,962	136,254
		1,130,915	741,792
Work in process at end		143,038	97,109
		987,877	644,683

15. CASH GENERATED FROM OPERATIONS

Profit before taxation		129,948	104,263
Adjustments for:			
Depreciation		15,688	13,621
Amortization		1,650	1,650
Unrealized gain on remeasurement of investments		(185)	(166)
Mark-up / interest expense		11,379	3,597
Mark-up / interest income		(125)	-
Profit on sale of property, plant and equipment		(104)	(121)
Provision for gratuity		45	45
Provision for compensated absences		2,202	1,871
		30,550	20,497
Operating profit before working capital changes C/F		160,498	124,760

	September 30, 2010	September 30, 2009
	----- Rupees in '000' -----	
Operating profit before working capital changes B/F	160,498	124,760
Working capital changes: (Increase) / decrease in current assets		
Stores, spares and loose tools	(457)	(2,079)
Stock-in-trade	(85,649)	24,728
Trade debts	20,156	37,896
Loan and advances	(1,941)	(1,926)
Deposits and prepayments	(20,249)	(4,692)
Accrued mark-up / interest	-	(12)
Other receivables	-	5,939
Sales tax - net	7,624	-
	(80,516)	59,854
Increase / (decrease) in current liabilities		
Trade and other payables (excluding unclaimed dividend)	(58,343)	43,729
Working capital changes	(138,859)	103,583
Cash generated from operations	21,639	228,343

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, 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.

Transactions	Relationship		
Sales	Associated companies	75,657	46,282
Purchases	"	4,958	2,883
Actual reimbursement of expenses	"	361	424
Expenses charged to	"	36	-
Rent / service charges	"	12,033	4,567
Insurance premium	"	25,392	15,636
Purchase of property, plant and equipment	"	2,207	4,717
Sale of property, plant and equipment	"	612	515
Royalty	"	12,391	4,283
Dividend paid	"	44,462	37,052
Donation	"	3,413	-
Insurance claim	"	-	2,264
Contribution	Employees' provident fund	1,733	1,774
Contribution	Employees' gratuity fund	1,991	459
Salaries and other employee benefits	Key management personnel	24,213	19,352

September 30, June 30,
2010 2010
----- Rupees in '000' -----

Balances	Relationship		
Trade debts	Associated companies	29,664	38,232
Royalty payable	"	52,635	40,244
Trade and other payables	"	16,060	-
Provident fund payable	Employees' provident fund	1,097	-
Gratuity fund payable	Employees' gratuity fund	8,006	6,015

17. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2010 by the Board of Directors of the Company.

18. COMPARATIVES

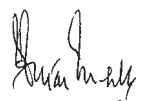
Pervious figures have been rearranged and reclassified wherever necessary for better presentation in the condensed interim financial statements. There were no major reclassifications or rearrangements for the period.



Yusuf H. Shirazi
Chairman



Ali H. Shirazi
President / Chief Executive



Aitzaz Shahbaz
Director

Atlas Battery Limited

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

Tel: (92-21) 32567990-4 **Fax:** (92-21) 32564703

Email: abl@atlasbattery.com.pk **Website:** www.atlasbattery.com.pk