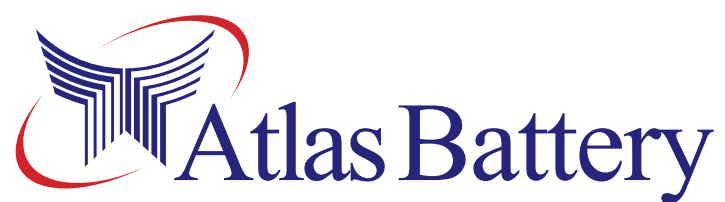


ANNUAL REPORT  
2008



Organisation  
development  
through  
*self development*





## **Vision**

A manufacturer and supplier of high quality lead acid automotive and motorcycle batteries in domestic and international market.

## **Mission**

Market leadership through technology - by quality, service and customer satisfaction, ensuring associates welfare, fair return to shareholders, and overall a good corporate citizen, contributing to development of society through harmony in all respects.



## OUR VALUED CUSTOMERS



Atlas Honda Limited



Honda Atlas Cars (Pakistan) Ltd.



Al-Ghazi Tractors Limited

**YAMAHA**

Dawood Yamaha Ltd.



Dewan Farooque Motors Ltd.



D.S. Motors



Fateh Motors Limited



Ghandhara Nissan Ltd.



Indus Motor Company Ltd.



Master Motor Corporation Limited



N.J. Auto Industries (Pvt.) Ltd.



Pak Suzuki Motor Company Ltd.



Sigma Motors (Pvt) Limited



Sindh Engineering (Pvt) Ltd.



Super Asia Motors (Pvt) Limited

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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 & GM HR	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
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 - 2610145 Fax: 2626478
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: 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	<a href="http://www.atlasbattery.com.pk">www.atlasbattery.com.pk</a>
Email Address	<a href="mailto:abl@atlasbattery.com.pk">abl@atlasbattery.com.pk</a>



## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Shareholders of the Company will be held at 8:30 a.m. on Monday, September 29, 2008 at Federation House, 2nd Floor, Shahrah-e-Firdousi, Main Clifton, Karachi, to transact the following business:

### **Ordinary Business:**

1. To confirm Minutes of Extraordinary General Meeting held on May 20, 2008.
2. To consider and adopt the audited accounts of the Company for the year ended June 30, 2008 together with the Directors' and Auditors' Report thereon.
3. To consider and approve the recommendation of Directors for payment of cash dividend at the rate of 75% (Rs.7.50 per share) for the year ended June 30, 2008.
4. To appoint Auditors for the year 2008-2009 and fix their remuneration.

### **Other Business:**

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



Karachi: August 28, 2008

SECRETARY

### **NOTES:**

1. The Share Transfer Books of the Company will remain closed from September 21, 2008 to September 29, 2008 (both days inclusive). Transfers received in order at the registered office of the company by September 20, 2008 will be treated in time for the purpose of entitlement for payment of the dividend to the transferees.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time appointed for meeting.
3. The members are requested to please communicate to the Company any change in their mailing address immediately.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card with him/her to prove his/her identity and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representative members should bring the usual documents required for such purpose.

---

### **Abstract required under Section 218 of the Companies Ordinance, 1984 regarding terms of appointment of Chief Executive.**

#### **Remuneration of Chief Executive:**

"A total amount not exceeding Rs.6.0 million will be paid as the Managerial remuneration to Chief Executive of the Company for the year ending June 30, 2009, in addition to other benefits as per Company Policy".

The Chief Executive is interested in the remuneration payable to him.

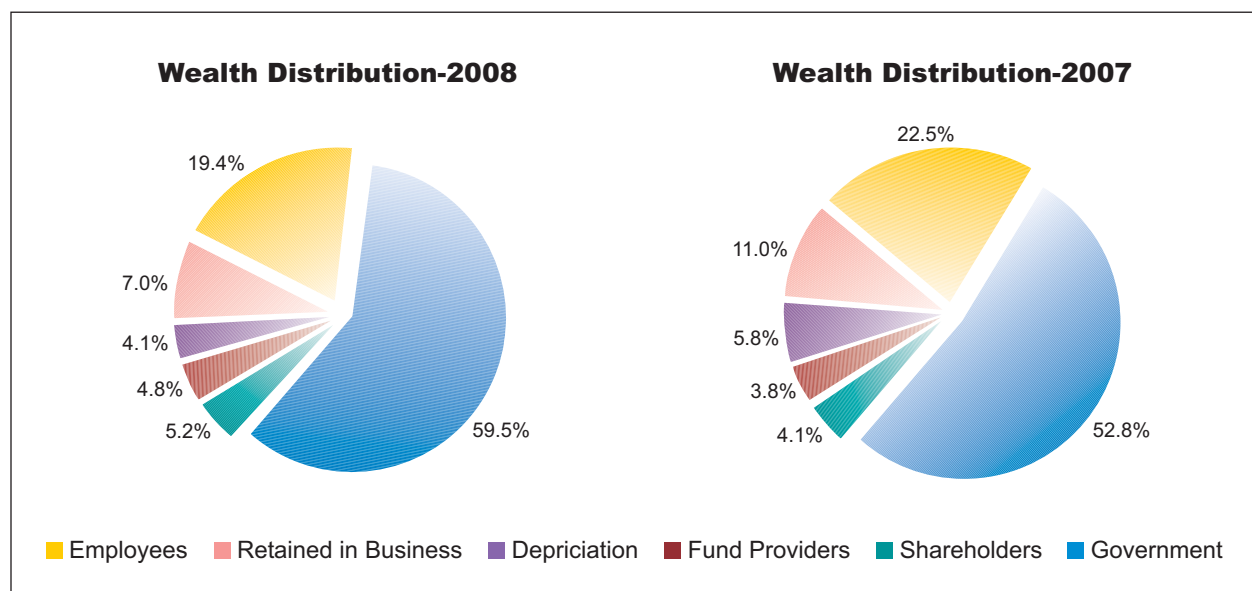
**OPERATING AND FINANCIAL DATA  
TEN YEARS GROWTH AT A GLANCE**

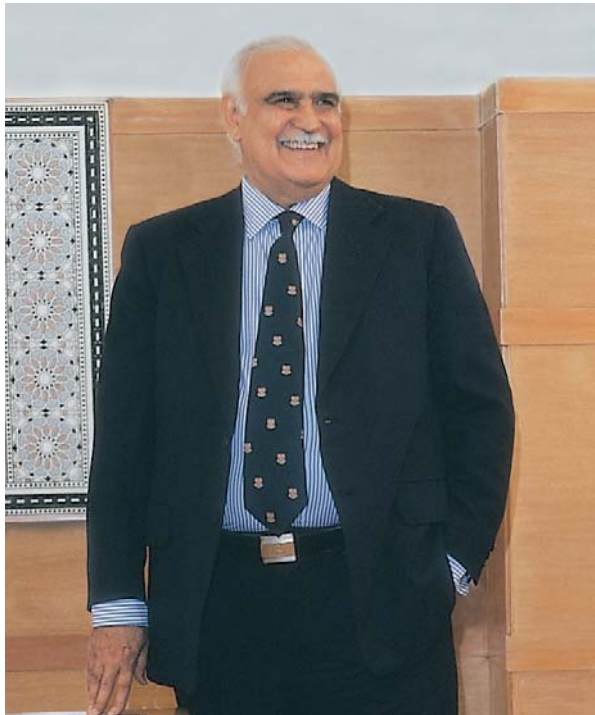
(Rupees in million)

YEAR		2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Sales		2,628.8	1,585.6	1,209.0	949.8	770.1	617.1	495.1	563.0	480.8	499.3
Gross Profit		386.9	291.6	189.1	157.6	173.4	141.2	91.5	109.2	91.1	107.7
Operating profit		205.7	144.3	78.0	61.3	94.1	65.3	24.1	27.5	32.0	46.9
Profit before Tax		164.1	122.3	66.2	54	117.7	57.3	7.1	11.6	15.8	36.2
Profit after Tax		106.8	87.5	41.3	40.9	83.5	39.2	5.5	9.5	14.1	24.4
Share Capital		69.9	60.8	52.9	46.0	32.8	28.6	27.2	27.2	24.7	24.7
Reserves		336.4	275.2	211.5	188.5	160.8	101.3	80.6	77.8	74.9	67.0
Shareholders' Equity		406.3	336.0	264.4	234.5	213.4	129.9	107.8	105.0	99.6	91.7
Property, Plant & Equipment		468.5	308.9	239.7	151.2	92.9	84.4	90.2	97.2	103.8	83.6
Net Current assets		120.1	83.9	111.1	171.3	141.3	47.3	34.1	40.1	44.0	37.0
Total Assets		1,206.7	755.2	562.9	505.7	376.3	303.6	305.4	356.7	278.7	260.3
Long term liabilities		-	-	40.0	60.0	-	-	14.7	29.3	40.3	24.8
Deferred Liabilities		61.8	62.9	50.5	30.9	22.4	6.9	8.2	8.9	12.6	9.7
<b>Dividend</b>											
Cash	%	75.0	60.0	30.0	25.0	60.0	60.0	10.0	15.0	25.0	40.0
Stock	%	-	15.0	15.0	15.0	40.0	15.0	5.0	-	10.0	-
Payout ratio	%	49.1	41.7	38.4	28.1	23.6	43.7	49.7	43.2	43.8	40.6
Dividend per share	Rs.	7.5	6.0	3.0	2.5	6.0	6.0	1.0	1.5	2.5	4.0
<b>Ratios</b>											
<b>Profitability</b>											
Gross Profit	%	14.7	18.4	15.6	16.6	22.5	22.9	18.5	19.4	19.0	21.6
Profit before Tax	%	6.2	7.7	5.5	5.7	15.3	9.3	1.4	2.1	3.3	7.3
Profit after Tax	%	4.1	5.5	3.4	4.3	10.8	6.4	1.1	1.7	2.9	4.9
<b>Investment</b>											
R.O.E. before tax	%	40.4	36.4	25.0	23.0	55.2	44.1	6.6	11.0	15.9	39.5
R.O.E. after tax	%	26.3	26.0	15.6	17.3	39.1	30.2	5.1	9.0	14.2	26.6
Return on Capital Employed	%	33.9	38.6	24.9	20.7	55.3	48.1	19.3	21.1	21.7	36.5
Earnings per share (Basic)	Rs.	15.3	14.4	7.8	8.8	25.4	13.7	2.0	3.5	5.7	9.9
P.E. Ratio	Times	10.1	11.7	9.5	8.8	6.0	6.3	10.7	7.2	4.6	3.0
<b>Activity</b>											
Sales to total assets	Times	2.2	2.1	2.1	1.9	2.0	2.0	1.6	1.6	1.7	1.9
Sales to Fixed assets	Times	5.6	5.1	5.0	6.3	8.3	7.0	5.5	5.8	4.6	6.0
Inventory turnover	Days	60	77	79	75	74	99	110	91	96	83
Debtors turnover	Days	9	11	13	15	19	22	39	32	18	17
<b>Liquidity / Leverage</b>											
Current ratio	Times	1.2	1.2	1.5	2.0	2.0	1.3	1.2	1.2	1.4	1.3
Interest cover ratio	Times	5.0	6.5	4.7	6.9	29.5	7.8	1.4	1.6	1.9	4.7
Debt Equity ratio	Times	0.0	0.0	0.2	0.3	0.0	0.0	0.2	0.4	0.5	0.4
Total Liabilities to Equity	Times	1.5	1.2	1.1	1.2	0.8	1.3	1.8	2.4	1.8	1.8
Break-up value per share	Rs.	58.1	55.3	50.0	51.0	65.1	45.4	39.6	38.6	40.3	37.1
Market value per share (At year end)	Rs.	154.9	167.8	73.9	77.0	154.0	86.0	21.5	25.0	26.5	30.0

**STATEMENT OF VALUE ADDITION**  
 YEAR ENDED 30 JUNE

	2008		2007	
	Amount	% age	Amount	% age
	Rupees in '000'		Rupees in '000'	
<b>Wealth Generated</b>				
Total Revenue	3,069,166		1,841,886	
Bought in Material & Services	(2,197,798)		(1,261,674)	
	<u>871,368</u>	<u>100%</u>	<u>580,212</u>	<u>100%</u>
<b>Wealth distributed</b>				
To Employees: Salaries & other related costs	168,634	19.4%	130,518	22.5%
To Government:				
Taxes	507,132	58.2%	297,204	51.2%
Workers' Profit Participation Fund	8,786	1.0%	6,565	1.1%
Workers' Welfare Fund	2,803	0.3%	2,477	0.4%
	<u>518,721</u>	<u>59.5%</u>	<u>306,246</u>	<u>52.8%</u>
To Providers of Capital:				
Dividend to Shareholders	45,604	5.2%	23,793	4.1%
Markup / Interest	41,536	4.8%	22,042	3.8%
	<u>87,140</u>	<u>10.0%</u>	<u>45,835</u>	<u>7.9%</u>
Retained in the Business:				
For replacement of Fixed Assets: Depreciation	35,680	4.1%	33,896	5.8%
To provide for Growth: Retained Profit	61,193	7.0%	63,717	11.0%
	<u>96,873</u>	<u>11.1%</u>	<u>97,613</u>	<u>16.8%</u>
	<u>871,368</u>	<u>100%</u>	<u>580,212</u>	<u>100%</u>





## CHAIRMAN'S REVIEW

I am pleased to present to you the 42nd Annual Report of your Company for the year ended June 30, 2008 together with Auditors' Report.

## THE ECONOMY

In spite of continued absence of the traditional sense of direction for sometimes, the GDP growth, last year, was 5.8%. The service sector growth was 8.2 percent, large manufacturing sector over 5% and agriculture 1.5%. Despite the slow growth in agriculture and reduced crops size, the cash flow was improved due to the escalation in commodity prices. The remittance was a record high at US\$ 6.5 billion. It was on the back of this development, among others, that the per capita income crossed the US\$ 1,000 mark. The inherent strength and the viability of the economy has always remained guiding factor for localization of Investment, Production and Export. Among them is the automobile sector, the fifth largest revenue earner for the country.

There are however, issues like food inflation and increase in the prices of oil - overall inflation - but this is an international phenomena. One cannot

escape the international impact. In fact, sooner it is absorbed - prudently indeed, the better.

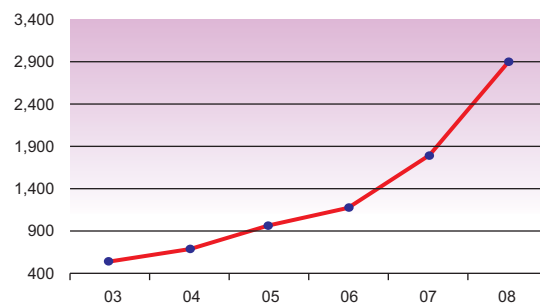
On the other hand, local inflation caused by increase in oil prices and rupee devaluation will serve as incentive for localization vis- a - vis import - at the cost of higher deficit financing and current account imbalance.

The Pakistan economy, however, is inherently viable. According to a research effort the average GDP growth from 1951 to date, has been 5.14% despite several changes in systems and governments. This also shows the country's entrepreneurialism, professionalism and workmanship. With the right sense of direction, GDP growth has been higher - up to 7%.

## THE INDUSTRY

The year 2007-08 was a challenging one for the industry in particular and vending in general. The cost of basic raw material - the refined lead crossed US\$ 3,800 in October 07. With this, average refined lead price from July 07 to June 08 was US\$2,980 per MT as against US\$ 1,695 during same period last year, up 75.8%. During the last decade, the US has been responsible for about 1/10th and China about 1/3rd of global growth. Additionally, global growth has spurred the oil demand and base metals, which has contributed to the sharp growth in demand in the backdrop of diminishing stock levels. The plastic molding compound has also suffered from the high prices of oil which has now crossed US\$ 2,100 per MT as against US\$1,250 last year - an increase of 68%.

US\$ Per Ton LME - Average Refined Lead Price



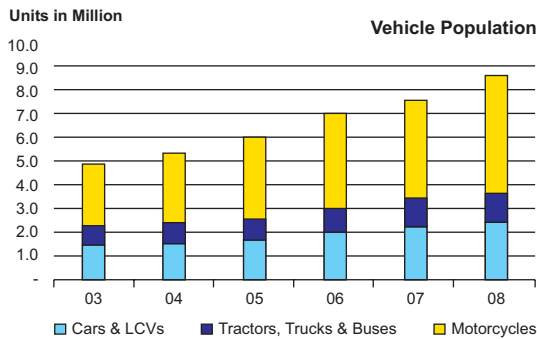
The Battery industry in Pakistan is divided into two major segments - organized and un-organized. The

un-organized sector comprises replators and importers of under invoiced batteries. The organized sector is meeting about 90% of the demand and the rest is met by the un-organized sector and imports.

**REVIEW OF AUTOMOTIVE INDUSTRY**

The growth of the automotive industry during the past couple of years has played a vital role in the growth of battery industry and helped create demand for the automotive as well as motorcycle batteries. Being an ancillary industry of the automotive sector, battery industry is highly dependent on the growth of this industry. However, the present situation is not so promising. During the period from July 07 to June 08, sales of locally manufactured cars declined by 8.9% to 164,650 units from 180,834 units during the same period of last year. LCV's and pick-ups sales went down by the same percentage during the period from July 07 to June 08. Farm tractors' sales declined by 1.6% y-o-y basis. This is however a temporary set back and the industry is bound to grow with the passage of time resulting from a upturn in politics - socio - economic - sooner than later!

On the other hand, trucks, buses and motorcycles performed exceptionally well. The sales of trucks and buses increased by 24.1% from 5,271 units to 6,545 units. The sales of two and three-wheelers during the same period reached 875,000 units as against 700,000 units during last year, a growth of 25%.



**HOUSE-HOLD CONSUMER SEGMENT - UPS BATTERY**

Since last three years, Pakistan is faced with a severe shortage of electricity. This shortage has spurred the

demand for generators and uninterrupted power supply - UPS system. As compared to generators, sale of UPS system has risen tremendously with the rising mercury and longer hours of load-shedding in the country. Due to unexpected demand for heavy batteries, the indigenous battery manufacturers have responded to the opportunity and increased their production capacities accordingly. Due to prime quality, the customer prefers to buy AGS batteries to meet energy need.

**MARKETING & SALES REVIEW**

Your Company continues to grow and maintained market leadership in the OEM's (Original Equipment Manufacturers) segment, having more than 55% share - supplying to eight major OEM's of the automotive industry. Indus Motor Company Ltd. has entrusted to us the development of a battery for their upcoming model of Toyota Corolla.

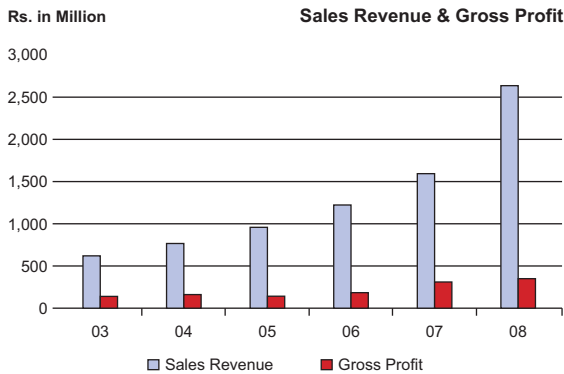
During the year, the Company launched a new product "CGR-30" battery, which has been developed especially for the CNG rickshaws. This product is now being supplied to several Rickshaw manufacturers all over Pakistan and your Company has captured the market in record time. During the year, the Company launched Yuasa branded MF batteries for cars. In the automotive segment UPS battery range was widened according to customer need which received an overwhelming response throughout the country. Your Company is a leader with over 70% of the market share in motorcycle batteries also.

**OPERATING PERFORMANCE**

The year 07- 08, was a challenging one. The rise in raw material costs, increase in energy prices and depreciation of the Pak rupee, pushed the cost of production to new heights. Despite all these difficult circumstances, your Company generated good operating results. In order to meet the growing battery demand in automotive and UPS segments, your Company expanded its capacity through innovation and productivity and is ready to cater for the future needs of our loyal customers.

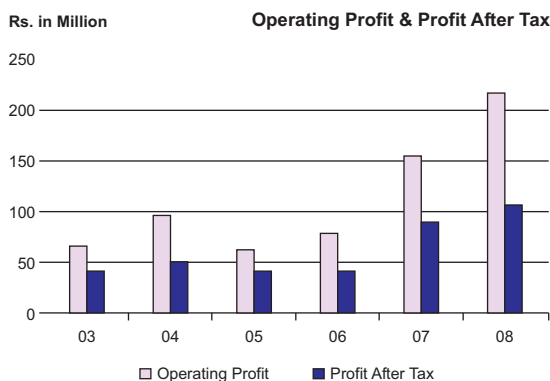
Net sales revenue increased to Rs.2.629 billion a growth of 65.8%, as against revenue of Rs.1.586 billion

for the year 2006-07. The cost of sales as against last year increased by 73.3%. The gross profit improved from Rs.291.6 million to Rs.386.9 million.



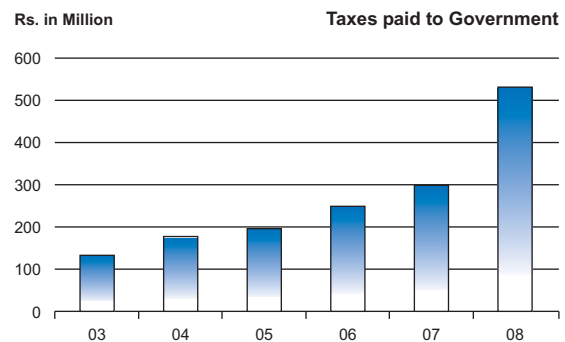
Distribution cost increased by 19.1% from Rs.96.5 million to Rs.115.0 million mainly due to increased volume and increased freight charges. Operating profit, increased to Rs.205.7 million as against last year of Rs.144.3 million, an improvement of 42.5%. Finance cost increased from Rs.22.1 million last year to Rs.41.5 million, mainly because of the combined effect of higher markup rates and higher utilization of running finance facility due to increased working capital requirements.

Profit before tax for the year was Rs.164.1 million against Rs.122.3 million last year, up 34.2%. After provision for current and deferred tax, profit after tax was Rs.106.8 million as against Rs.87.5 million during 2006-07. Earning per share was Rs.15.27 against Rs.12.51 (diluted) last year.



## CONTRIBUTION TO NATIONAL EXCHEQUER

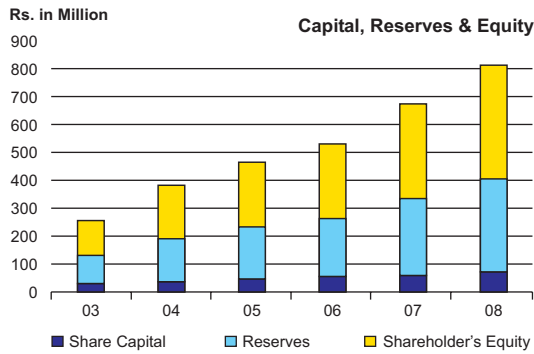
Your Company paid taxes to the national exchequer amounting to Rs.507.1 million, on account of sales tax, income tax and custom duty as against Rs.297.4 million paid last year, up 70.6%. The Group, of which your Company is a constituent member, paid taxes of over Rs.15 billion, which is about 2% of the government total revenues. One of the Group's performance criteria is how much a Group entity pays to the Government exchequer - as a social responsibility.



## CASH FLOW MANAGEMENT

During the year under review, your Company strategically invested in inventory of raw materials in order to get the benefit of the expected increase in material cost, which proved to be the right decision. This led to your Company saving a significant amount which contributed towards increased profitability. There was a net cash outflow of Rs. 26.6 million as against last year cash inflow of Rs.103.1 million from operating activities. The other reason of this negative cash flow from operation, in addition to building raw materials inventory, was increase in trade debtors due to high volume and 35% cash margin deposit with banks against Letter of Credit as required by SBP regulations. After spending Rs.75.1 million on fixed capital expenditures, net cash outflow before financing activities was Rs.94.0 million as against Rs.1.4 million last year. In order to meet its working capital requirements, the Company increased its short term borrowings from Rs.80.2 million to Rs.141.8 million. After paying dividend of Rs.36.1 million, there was a net increase of Rs.11.8 million in cash and cash equivalents as against last year increase of Rs.7.2 millions.





## HUMAN RESOURCE

Your Company treasures its employees, which has made tremendous progress in all the past years. Your Company has had a caring attitude towards its employees who have been associated with it through thick and thin. The low employees' turnover ratio over the years is a testament of this fact.

Atlas not only attracts talented people but also retains them. The aim is to amalgamate a unique blend of youthfulness and experience that can spearhead an aggressive growth strategy in the rapidly changing environment of the 21st century.

The training needs of management staff is assessed by the human resource division through a formal procedure at the beginning of each year and a number of programs are organized through in-house and external experts to deliver training to selected associates. In line with group motivational activities, a long service award ceremony was held in the month of November 07 to recognize the services of employees. Annual Sales Conference was also held to give awards for the best performers and motivate the entire team to continue with their stupendous work in the coming years. The Family Day was observed as usual.

## OUTLOOK FOR 2008-09

The year 2008-09 seems to be a somewhat different year. The current business scenario is quite challenging. The Company is facing cost pressures, especially exchange rate parity, increasing petroleum and other energy related prices, minimum wages for workers, 3% increase in markup rates and 35% cash margin

on opening of letter of credit are some of the areas of cost escalation.

Nevertheless, your Company's ability to perform, even when the lead price has reached stratospheric levels, is a proof of the successful strategy, which your Company has chosen to follow. I am sure that your Company will continue its focus to improve productivity, cost reduction and quality production through innovation and effort. We know that every challenge is followed by an opportunity. We maintain a very positive long-term outlook with the right group culture and the right people, who perform to their potential.

ع کیا چھینے کا غنچہ سے کوئی ذوق شکر قند

(Entrepreneurial ability and management always grows and grows better.

## ACKNOWLEDGEMENTS

May I thank our joint venture partner; GS Yuasa International Ltd., Japan, for their continuous support in product development and technology transfer. I would also like to thank Group Executive Committee, our bankers, shareholders, members of the Board of Directors, vendors and customers for their continuous support and guidance. I must also thank Mr. Talha Saad and his management team and associates for their dedication and commitment towards achieving your Company's growth this year.



Karachi: August 25, 2008

Yusuf H. Shirazi

## DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting their 42nd Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended June 30, 2008.

### FINANCIAL RESULTS AND APPROPRIATIONS

	2008	2007
	Rupees in '000'	
Profit before taxation	164,131	122,257
Provision for taxation:		
Current year	59,489	26,540
Prior year	246	993
Deferred	(2,401)	7,214
	57,334	34,747
Profit after tax	106,797	87,510
Un-appropriated profit brought forward	1,089	1,183
	107,886	88,693
Appropriations:		
Transferred to General Reserve	54,000	42,000
Reserve for issue of Bonus shares	-	9,121
Proposed Dividend @ 75% (2007-60%)	52,444	36,483
	106,444	87,604
Un-appropriated profit Carried to Balance Sheet	1,442	1,089

### EARNINGS PER SHARE

During the year under review, the company earned a basic earnings per share of Rs.15.27 (2007-Rs.12.51 diluted)

### DIVIDEND

The Directors are pleased to recommend a cash dividend at the rate of 75% (Rupee 7.50 per share).

### CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Company for the year ended June 30, 2008 and future prospects. The Directors endorse the contents of the review.

### BOARD OF DIRECTORS

The Board comprises of one executive and six non-executive directors. All the Directors keenly take interest in the proper stewardship of the company's affairs. The non-executive directors are independent of management of the Company.



During the year five (5) meetings of the Board of Directors were held, the attendance of the Directors and number of their directorship in listed companies, including Atlas Battery Limited, are listed below:

	<b>Name of Directors</b>	<b>Attendance at the Meeting</b>	<b>Number of Directorship in listed companies, including ABL</b>
1.	Mr.Yusuf H. Shirazi	5	6
2.	Mr.Talha Saad	5	1
3.	Mr.Aitzaz Shahbaz	4	1
4.	Mr.Iftikhar H. Shirazi	-	2
5.	Mr. Javaid Anwar	4	5
6.	Mr.Mohammad Atta Karim	5	2
7.	Mr. Naoyuki Inoue (Resigned on 05-10-2007)	-	-
8.	Mr. Jawaid Iqbal Ahmed (Appointed as alternate Director on 18-03-2008)	2	4
9.	Mr. Hiroshi Tateiwa (Appointed in place of Mr. Naoyuki Inoue)	-	1

Leave of absence was granted to those Directors who could not attend some of the Board Meetings.

### **Statement of Directors' Responsibilities**

The Board regularly reviews the Company's strategic direction. Annual Plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company has been in compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and accordingly amended listing rules of the Stock Exchanges.

Followings are the Statements on Corporate and Financial Reporting Framework:

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the Company.
- (c) Appropriate Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no doubts upon the Company's ability to continue as going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance as set out by the listing regulations of Karachi and Lahore Stock Exchanges, relevant for the year ended June 30, 2008 have been complied with. The Directors confirm the compliance of Code of Corporate Governance and a statement to this effect is annexed.

### AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial reporting and Corporate control. The Committee consists of three members including the Chairman of the committee, who are non-executive directors.

The Board audit committee reviews the internal and external audit activities, monitors compliance with statutory requirements for financial reporting and reviews the quarterly, half yearly and annual financial statements before they are submitted to Board. It also reviews the effectiveness of internal control system including financial, operational and compliance control and risk management procedures. It considers reports from internal and external auditors and from management, and report and makes recommendation to the Board. The Committee reviews the procedure for ensuring their independence with respect to the services performed for the Company and make recommendations to the Board of Directors.

During the year four Audit Committee meetings were held and attendance was as follows:

	Name of Director		Attendance/No.of Meetings
1.	Mr. Aitzaz Shahbaz	Chairman	3/4
2.	Mr. Iftikhar H. Shirazi	Member	-
3.	Mr. Mohammad Atta Karim	Member	4/4
4.	Mr. Jawaid Iqbal Ahmed (Alternate Director)	Member	1/1

In addition to above meetings, Audit Committee also met with external auditors without CFO and head of internal audit. By invitation, chief executive attended all the four meetings held during the year.

### GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is responsible for setting overall corporate objectives and strategies, identifying opportunities, monitoring group business strategies and plans, and developing its group members as leaders of their respective fields.

### GROUP HUMAN RESOURCE COMMITTEE

The Group Human Resource Committee determines the remuneration for the management staff. The Committee is also responsible to create and maintain congenial work environment that instills trust and ensures respect, fair treatment and development opportunities, grooming and make succession plan for all employees.

### GROUP SYSTEMS & TECHNOLOGY COMMITTEE

The Group Systems & Technology Committee is responsible to provide an insight towards the various technological aspects of information systems. The objective of the Committee is to introduce leading edge technology and IT initiative to automate information delivery and accessibility of data for enhancement of time and cost efficiency.

#### **MANAGEMENT COMMITTEE**

The Management Committee acts in an advisory capacity to the Chief Executive of the Company, providing recommendations relating to the business and employees' matters. The Committee is also responsible for strategic business plans, policies, capital and revenue budget development and maintaining a healthy and congenial working environment.

#### **EMPLOYEES' PROVIDENT FUND & GRATUITY FUND**

The Company operates a contributory provident fund scheme for all employees and non-contributory gratuity fund scheme for its management employees. The value of investment, based on their respective audited accounts as at June 30, 2008 are as follows:

Provident Fund	Rs.73.053 million
Gratuity Fund	Rs.20.882 million

#### **OPERATING & FINANCIAL DATA**

Operating and financial data and key ratios of the Company for the last ten years are annexed.

#### **PATTERN OF SHAREHOLDING**

The Pattern of Shareholding as at June 30, 2008 is annexed.

The Directors, CEO, CFO, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year.

#### **AUDITORS**

The present Auditors, M/s Hameed Chaudhri & Co. Chartered Accountants, retired and being eligible offer themselves for reappointment. As required by the Code of Corporate Governance, the Audit Committee has recommended their re-appointment as auditors of the Company for the year ending June 30, 2009.

#### **COMMUNICATION**

Communication with the shareholders is given a high priority. Annual report is distributed to them and half yearly and quarterly reports are placed on Company's website within the time specified in the Companies Ordinance, 1984. The Company has a web site [www.atlasbattery.com.pk](http://www.atlasbattery.com.pk), which contains up-to-date information of Company.

For & on behalf of  
BOARD OF DIRECTORS



Talha Saad  
Chief Executive

Karachi: August 25, 2008

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 of Karachi Stock Exchange and Chapter XIII of the listing regulations of Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
2. The Company encourages representation of non-executive directors on its Board of Directors. At present the Board includes 6 non-executive directors and one executive director.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred in the Board during the year was filled up within stipulated time.
5. The Company has prepared a 'Code of Business Principles', which has been signed by all the directors and employees of the Company.
6. The Board has developed a Vision and Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises 3 members; all are non-executive directors including the Chairman of the Committee.
16. The Board has set-up an effective internal audit function.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations
20. We confirm that all other material principles contained in the Code have been complied with.

For & On behalf of  
BOARD OF DIRECTORS



Talha Saad  
Chief Executive

KARACHI: August 25, 2008

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#### **STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING**

The Company has fully complied with the best practices on Transfer Pricing as contained in the Regulation No.38 of the Karachi Stock Exchange.

For & On behalf of  
BOARD OF DIRECTORS



Talha Saad  
Chief Executive

KARACHI: August 25, 2008



**HAMEED CHAUDHRI & CO.**

**HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
KARACHI CHAMBERS,  
HASRAT MOHANI ROAD,  
KARACHI.  
PHONES : 242 4826 - 241 2754  
CABLES : "COUNSEL"  
FAX : 242 4835  
E-MAIL : [majeed@khi.comsats.net.pk](mailto:majeed@khi.comsats.net.pk)

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Atlas Battery Limited** to comply with the Listing regulation No. 37 (Chapter XI) of the Karachi Stock Exchange, and clause 40 (Chapter XIII) of the Lahore Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.

HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

Karachi: August 25, 2008



**HAMEED CHAUDHRI & CO.**

**HAMEED CHAUDHRI & CO.**  
**CHARTERED ACCOUNTANTS**  
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## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed Balance Sheet of ATLAS BATTERY LIMITED as at June 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as reported in Note 3.2 to the accompanying financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2008 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS


Karachi: August 25, 2008

**BALANCE SHEET**


AS AT JUNE 30, 2008

	Note	2008	2007
		Rupees in '000'	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	517,862	310,995
Long term investment - Available for sale	6	-	-
Long term deposits	7	4,012	4,012
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	8	12,968	10,730
Stock-in-trade	9	410,672	306,171
Trade debts	10	77,387	51,834
Loans and Advances	11	57,955	30,694
Trade deposits and prepayments	12	74,191	2,826
Investments at fair value through profit and loss	13	-	278
Accrued mark-up	14	175	175
Other receivables	15	2,240	26
Cash and bank balances	16	49,274	37,501
		684,862	440,235
<b>TOTAL ASSETS</b>		<b>1,206,736</b>	<b>755,242</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital 10,000,000 Ordinary Shares of Rs.10/- each.		100,000	100,000
Issued, subscribed and paid up capital	17	69,926	60,805
Revenue reserves	18	336,386	275,193
		406,312	335,998
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	19	173,786	-
<b>NON CURRENT LIABILITIES</b>			
Deferred Liabilities	20	61,823	62,881
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	185,267	156,154
Mark-up accrued on secured borrowings	22	7,057	2,469
Short term borrowings -secured	23	313,002	171,200
Provision for taxation	24	59,489	26,540
		564,815	356,363
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,206,736</b>	<b>755,242</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

  
Aitzaz Shahbaz  
Director

  
Talha Saad  
Chief Executive

  
Yusuf H. Shirazi  
Chairman




**PROFIT AND LOSS ACCOUNT**

FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
		Rupees in '000'	
Net Sales	26	2,628,820	1,585,648
Cost of sales	27	(2,241,937)	(1,294,026)
Gross profit		386,883	291,622
Distribution costs	28	(114,957)	(96,481)
Administrative expenses	29	(55,957)	(42,661)
Other operating expenses	30	(12,231)	(9,477)
Other operating income	31	1,929	1,296
		205,667	144,299
Finance cost	32	(41,536)	(22,042)
Profit before taxation		164,131	122,257
Taxation	33	(57,334)	(34,747)
Profit after taxation		106,797	87,510
Earnings per share-basic and diluted	34	15.27	12.51


The annexed notes 1 to 42 form an integral part of these financial statements.



Aitzaz Shahbaz  
Director



Talha Saad  
Chief Executive




Yusuf H. Shirazi  
Chairman

## CASH FLOW STATEMENT


FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008	2007
Rupees in '000'			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	35	66,942	148,187
Markup/interest paid		(34,933)	(19,632)
Gratuity paid		(51)	(136)
Compensated absences paid		(3,362)	(409)
Income taxes paid		(55,193)	(24,861)
<b>Net cash (outflow)/ generated from operating activities</b>		<b>(26,597)</b>	<b>103,149</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(75,033)	(108,718)
Proceeds from sale of property, plant and equipment		7,354	4,203
Proceeds from sale of investments		293	-
<b>Net cash used in Investing Activities</b>		<b>(67,386)</b>	<b>(104,515)</b>
<b>Net cash flow before Financing Activities</b>		<b>(93,983)</b>	<b>(1,366)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in short term borrowings		141,802	80,227
Repayment of long term loans		-	(56,000)
Dividend paid		(36,046)	(15,669)
<b>Net Cash inflow from financing activities</b>		<b>105,756</b>	<b>8,558</b>
<b>Net Increase in cash &amp; cash equivalents</b>	36	<b>11,773</b>	<b>7,192</b>

The annexed notes 1 to 42 form an integral part of these financial statements.

  
Aitzaz Shahbaz  
Director

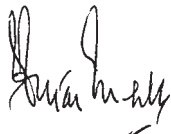
  
Talha Saad  
Chief Executive

  
Yusuf H. Shirazi  
Chairman

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2008

Share Capital	Revenue Reserves		Total	
	General Reserve	Unappropriated Profit		
----- Rupees in '000 -----				
Balance as at June 30, 2006	52,874	169,500	41,976	264,350
Cash Dividend (2006) @ Rs. 3/- Per Share	-	-	(15,862)	(15,862)
Bonus shares issued	7,931	-	(7,931)	-
Profit for the year	-	-	87,510	87,510
Transfer to general reserve	-	17,000	(17,000)	-
Balance as at June 30, 2007	60,805	186,500	88,693	335,998
Cash Dividend (2007) @ Rs. 6/- Per Share	-	-	(36,483)	(36,483)
Bonus shares issued	9,121	-	(9,121)	-
Profit for the year	-	-	106,797	106,797
Transfer to general reserve	-	42,000	(42,000)	-
Balance as at June 30, 2008	69,926	228,500	107,886	406,312


The annexed notes 1 to 42 form an integral part of these financial statements.



Aitzaz Shahbaz  
Director



Talha Saad  
Chief Executive



Yusuf H. Shirazi  
Chairman

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2008

**1. THE COMPANY AND ITS OPERATIONS**

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 manufacture and sales 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. STATEMENT OF COMPLIANCE**

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Initial application of a standard or an Interpretation

Amendment to IAS 1-"Presentation of Financial Statements-Capital Disclosures" is mandatory for the company's accounting period beginning on or after January 1, 2007. It introduces new disclosures about the level of an entity's capital and how it manages capital. Adoption of this amendment has only resulted in additional disclosures given in note 39.8 to the financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards

New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have a significant impact on the company's financial statements other than certain increased disclosures in the certain cases:

IAS 1 - Presentation of Financial Statements, issued in September 2007 revises the existing IAS 1. This revised standard will be effective for annual periods beginning on or after January 1, 2009. Adoption of the standard will only impact the presentation of the financial statements.

Revised IAS 23-Borrowing costs (effective from January 1, 2009).

IFRIC 11- IFRS 2-Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007).

IFRIC 12-Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).

IFRIC 13-Customer Concession Arrangements (effective for annual periods beginning on or after July 1, 2008).

IFRIC14- IAS 19-The limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after January 1, 2008).

**3 BASIS OF PREPARATION**

3.1 Measurement

These financial statements have been prepared under the historical cost convention, except for leasehold land included at relevant amount, certain financial instruments at fair value and certain employees retirement benefits recognized at present value.

### 3.2 Change in Accounting Policy

During the year, the company has adopted revaluation model for leasehold land. Previously, leasehold land was carried at cost less accumulated amortisation and impairment, if any. The increase in carrying amount of the leasehold land as a result of revaluation has been credited to "Surplus on revaluation of Property, Plant and Equipment". There is no effect on the profit and loss account for the current year.

### 3.3 Significant Accounting Judgements and Estimates

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- Retirement benefit obligations
- Provision for current taxation (current and prior years) and deferred taxation
- Accrued liabilities
- Provision for warranty
- Useful life of depreciable assets

### 3.4 Functional and Presentation Currency

These financial statements are presented in Pak Rupees which is the company's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest thousand.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### 4.1 Employees' Benefits

#### Defined Benefit Plan

The company operates a funded gratuity scheme for its management staff and an unfunded gratuity scheme for its non management staff. Contributions under the scheme are made on the basis of actuarial valuation and are charged to Profit and Loss Account. The valuation of both the schemes was carried out on June 30, 2008 using the "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized transitional liability as reduced by fair value of the plan assets.

Cumulative net unrecognized actuarial gain or loss at the end of the previous year which exceeds 10% of the greater of the present value of the company's obligation and fair value of plan assets are amortized over the remaining service of the employees expected to receive benefits.

#### **Defined Contribution Plan**

The Company operates defined contribution plan (i.e. recognized provident fund scheme) for all employees. The Company and the employees make equal monthly contributions to the fund at the rate of 11 per cent of basic salary, in the case of management staff, and 11 per cent of basic salary and cost of living allowance, in the case of non-management staff. The assets of the fund are held separately under the control of trustees.

#### **Employees' Compensated Absences**

Employees' entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### **4.2 Trade and Other Payables**

Trade and other payables are stated at their cost which is the fair value of the consideration to be paid for goods and services, whether or not billed to the company.

#### **4.3 Taxation**

Income tax expense represents the sum of current tax payable, adjustments, if any, to provision for tax made in previous years arising from assessments framed during the year for such years and deferred tax.

##### **Current**

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

##### **Deferred**

Deferred tax is provided using the balance sheet liability method on all temporary differences arising from differences between tax bases of assets and liabilities and their carrying amount for financial statements reporting purpose.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

#### **4.4 Property, Plant and Equipment**

Property, Plant and Equipment (except leasehold land) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land is stated at revalued amount less accumulated depreciation. Capital work in progress is stated at cost.

Fixed assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any.

Depreciation is charged to income on the reducing balance basis except computers & accessories. Depreciation on computers & accessories is charged to income on a straight line basis. Depreciation on additions is charged from the month the assets are available for use while in the case of disposals, depreciation is charged upto the month in which the assets are disposed off. The rate of depreciation are stated in note 5.1.

Cost of leasehold land is amortized over the remaining lease term.

The depreciation method and useful lives of items of fixed assets are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

Any surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to the unappropriated profit.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Normal repairs and maintenance are charged to expenses as and when incurred. Major renewals and replacements are capitalized and are depreciated over the remaining useful life of the related asset.

Gains or losses on disposal or retirement of fixed assets are determined as the difference between the sales proceeds and the carrying amount of asset and are included in the profit and loss account.

#### 4.5 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any.

Cost associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and will probably generate economic benefits exceeding costs beyond one year, are recognized as Intangible Assets. Direct costs include staff cost, costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

Computer software development costs recognized as assets are amortized using the straight-line method over a period of two years.

#### 4.6 Investments

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

Investment at fair value through profit or loss are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realised and unrealised gains and losses arising from changes in fair value are included in the net profit or loss for the period in which they arise.

Investments which are not classified as held to maturity investments, financial assets at fair value through profit and loss or loan and advances are classified as available for sale investments and are initially recognized at cost, being the fair value of the consideration given. After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses being recognised directly in equity. When the investment is disposed off, or is determined to be impaired, the cumulative gain or loss previously recognised in equity is recognised in profit and loss account.

Investments intended to be held for less than twelve months from the balance sheet date are included in current assets. All other investments are classified as non-current assets. Management determines the

appropriate classification of its investments at the time of the purchase and re-evaluates such designation periodically.

All purchases and sales of investments are recognized on the trade date which is the date that the company commits to purchase or sell the investment. Cost of purchase excludes transaction cost.

At each reporting date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. Where an impairment loss subsequently reverses, the carrying amount of the investment is increased to the revised recoverable amount but limited to the extent of initial cost of the investment. A reversal of the impairment loss is recognized in income.

#### **4.7 Stores, Spares parts and Loose tools**

Stores, spares parts and tools are stated at the lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost comprising invoice value plus other charges thereon upto the balance sheet date.

#### **4.8 Stock-in-trade**

These are valued at lower of weighted average cost and net realizable value.

Cost of raw materials, packing materials and components represents invoice values plus other charges paid thereon. Cost in relation to work in process and finished goods represents direct cost of materials, wages and appropriate manufacturing overheads. Goods in transit are valued at cost comprising of invoice value plus other charges accumulated to the balance sheet date.

Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

#### **4.9 Trade debts and other receivables**

Trade and other receivables are carried at cost less provisions for any uncollectible amount. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

#### **4.10 Foreign Currency Translation**

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the profit and loss account.

#### **4.11 Revenue Recognition**

- Sales of goods are recorded when goods are delivered and title has passed on to the customers.
- Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.
- Dividend income from investments is recognized when the Company's rights to receive payment has been established.

#### **4.12 Borrowing Cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use,



are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

#### **4.13 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

#### **4.14 Warranty**

The Company recognizes the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past history of the level of repairs and replacements.

#### **4.15 Dividend**

Dividend is recognized as liability in the period in which it is approved by the shareholders.

#### **4.16 Financial Instruments**

The Company's principal financial assets are cash & bank balances, trade debts, advance and deposits, other receivables and investments. Significant financial liabilities include short term borrowings and trade & other payable.

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost as the case may be.

#### **4.17 Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is set-off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.18 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

#### **4.19 Interest / Mark-up bearing loans and borrowings**

Interest / mark-up bearing loans and borrowings are recorded at the proceeds received. Finance charges are accounted for on accrual basis.

#### **4.20 Impairment**

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

#### **4.21 Related Party transactions**

Transactions with related parties are carried out at arm's length prices determined in accordance with the methods prescribed in the Companies Ordinance 1984, except for the assets sold to employees at written down value under the Company vehicle scheme as approved by the Board of directors.

Royalty is stated in accordance with the terms of Technical agreement duly registered with State Bank of Pakistan.

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	2008	2007
		Rupees in '000'	
Operating fixed assets	5.1	468,522	308,929
Capital work in progress (CWIP)	5.7	49,340	2,066
		517,862	310,995

### 5.1 Operating fixed assets

(Rupees in '000)

Particulars	Cost / Revaluation					Depreciation					Written down value June 30, 2008	Rate %
	July 01, 2007	Additions/ Transfer from CWIP	Revaluation	Disposals	June 30, 2008	July 01, 2007	Charge for the year	Disposals	Transfer to Surplus	June 30, 2008		
<b>Owened</b>												
Leasehold land	435	-	173,765	-	174,200	14	7	-	21	-	174,200	-
Building on leasehold land	61,973	-	-	-	61,973	26,307	3,567	-	-	29,874	32,099	10
Plant and Machinery	287,170	14,476	-	-	301,646	93,279	20,155	-	-	113,434	188,212	10
Electric installations	15,668	177	-	-	15,845	3,458	1,227	-	-	4,685	11,160	10
Air conditioners	3,682	186	-	-	3,868	1,801	199	-	-	2,000	1,868	10
Gas Installations	135	-	-	-	135	122	1	-	-	123	12	10
Furniture & fixtures	2,188	-	-	-	2,188	1,364	82	-	-	1,446	742	10
Office equipments	1,187	-	-	-	1,187	805	38	-	-	843	344	10
Laboratory equipments	4,529	374	-	-	4,903	2,962	164	-	-	3,126	1,777	10
Vehicles	36,752	8,864	-	10,157	35,459	8,993	5,719	3,884	-	10,828	24,631	20
Fork lifters	3,270	1,132	-	125	4,277	2,337	338	125	-	2,550	1,727	20
Moulds dies & jigs	40,063	-	-	-	40,063	25,970	1,409	-	-	27,379	12,684	10
Factory equipments	25,263	987	-	-	26,250	7,166	1,818	-	-	8,984	17,266	10
Computers	7,098	1,563	-	-	8,661	5,907	955	-	-	6,862	1,799	30
<b>Total - JUNE 30, 2008</b>	489,413	27,759	173,765	10,282	680,655	180,484	35,679	4,009	21	212,133	468,522	

(Rupees in '000)

Particulars	Cost / Revaluation					Depreciation					Written down value June 30, 2007	Rate %
	July 01, 2006	Additions/ Transfer from CWIP	Revaluation	Disposals	June 30, 2007	July 01, 2006	Charge for the year	Disposals	Transfer to Surplus	June 30, 2007		
<b>Owened</b>												
Leasehold land	435	-	-	-	435	7	7	-	-	14	421	-
Building on leasehold land	50,146	11,827	-	-	61,973	22,782	3,525	-	-	26,307	35,666	10
Plant and Machinery	222,311	66,516	-	1,657	287,170	75,073	19,771	1,565	-	93,279	193,891	10
Electric installations	13,418	2,250	-	-	15,668	2,289	1,169	-	-	3,458	12,210	10
Air conditioners	3,270	412	-	-	3,682	1,621	180	-	-	1,801	1,881	10
Gas Installations	135	-	-	-	135	120	2	-	-	122	13	10
Furniture & fixtures	2,188	-	-	-	2,188	1,273	91	-	-	1,364	824	10
Office equipments	1,187	-	-	-	1,187	762	43	-	-	805	382	10
Laboratory equipments	4,529	-	-	-	4,529	2,788	174	-	-	2,962	1,567	10
Vehicles	24,460	19,961	-	7,669	36,752	8,577	4,639	4,223	-	8,993	27,759	20
Fork lifters	3,270	-	-	-	3,270	2,104	233	-	-	2,337	933	20
Moulds dies & jigs	35,364	4,699	-	-	40,063	24,575	1,395	-	-	25,970	14,093	10
Factory equipments	25,051	212	-	-	25,263	5,171	1,995	-	-	7,166	18,097	10
Computers	6,302	864	-	68	7,098	5,303	672	68	-	5,907	1,191	30
<b>Total - JUNE 30, 2007</b>	392,066	106,741	-	9,394	489,413	152,443	33,896	5,856	-	180,484	308,929	

5.2 Revaluation of leasehold land has been carried out on June 30, 2008 by Surval, an Independent Valuer which produced revaluation surplus of Rs. 173,765 thousand over the written down of Rs.435 thousand respectively. The surplus has been added to the value of such assets and corresponding increase has been credited to the surplus on revaluation of fixed asset account. The valuation for Land was based on the present market value in the similar area.

Had there been no revaluation, the net book value of respective fixed assets would amount to:

	Note	2008	2007
Rupees in '000'			
<b>Net Book Value</b>			
Lease hold Land		414	421

5.3 Depreciation for the year has been allocated as follows:

Cost of Goods Manufactured	27.1	30,721	29,931
Distribution Cost	28	2,098	1,773
Administrative Expenses	29	2,860	2,192
		35,679	33,896

5.4 Moulds for containers and lids costing Rs.17,817 thousand (2007: Rs. 17,817 thousand) included in the moulds, dies & jigs are held by Pak Polymer (Private) limited, Paramount Moulding, Decent Engineering, Hytec Plastics, Diwan Plastics and Galaxy Engineering, under agreements executed by the Company with them for use of these moulds for manufacturing containers and lids for the Company.

5.5 Borrowing cost amounting to Rs. nil (2007: Rs. 392 thousand) has been capitalised during the year.

5.6 Disposal of fixed assets:

Particulars	Cost	Accumulated Depreciation	W.D.V.	Sale Proceeds	Profit	Mode of disposal	Particulars of Purchasers
----- Rupees in '000 -----							
<b>Motor Vehicles</b>							
<b>Cars</b>							
Honda Civic	1,260	847	413	516	103	Company Policy	Mr. Vazeer Ali Ex-Chief Executive
Honda Citi	832	554	278	341	63	Company Policy	Mr. Mirza Bakhtiar Haider Executive
Honda Civic	1,022	341	681	681	-	Company Policy	Mr. Shakeel Akhter Ex-Executive
Daihatsu Cuore	459	189	270	274	4	Company Policy	Mr. Aamir Ehsan Ex-Employee
Honda Citi	831	255	576	576	-	Company Policy	Mr. Khalid Manzoor Executive
Honda Citi	835	111	724	724	-	Company Policy	Mr. Behram Khan Executive
Honda Civic	376	48	328	376	48	Company Policy	Mr. Frahim Ali Khan Executive
Honda Civic	1,476	121	1,355	1,377	22	Company Policy	Mr.Vazeer ali Ex- Chief Executive
Suzuki Hi-Roof	379	25	354	379	25	Insurance Claim	Atlas Insurance Limited Associated Company
Suzuki Mehran	408	41	367	408	41	Insurance Claim	Atlas Insurance Limited Associated Company
Suzuki Bolan	290	271	19	175	156	Negotiation	Mr.Muhammad Shoaib Arif, House # 61/10, Sector 5-D, New Karachi.
	8,168	2,803	5,365	5,827	462		



Particulars	Cost	Accumulated Depreciation	W.D.V.	Sale Proceeds	Profit	Mode of disposal	Particulars of Purchasers
----- Rupees in '000 -----							
<b>Motorcycles</b>							
Motor Cycle CD 70	51	25	26	51	25	Company Policy	Sheikh Muhammad Alam Employee
Motor Cycle CD 70	55	33	22	55	33	Company Policy	Mr. Aslam Baig Employee
Motor Cycle CD 70	55	34	21	55	34	Company Policy	Mr. Hadi Ali Shah Employee
Motor Cycle CG125	68	10	58	58	-	Company Policy	Syed Kausar Abbas Employee
Motor Cycle CD 70	65	45	20	65	45	Company Policy	Mr. Muhammad Irfan Employee
Motor Cycle CD 70	55	34	21	55	34	Company Policy	Mr. Mian Said Hameed Employee
Motor Cycle CG 125	69	42	27	28	1	Company Policy	Mr. Gheyasuddin Qureshi Employee
Motor Cycle CD 70	55	34	21	23	2	Company Policy	Mr. Sherzada Employee
Motor Cycle CG 125	67	5	62	67	5	Insurance Claim	Atlas Insurance Limited Associated Company
Motor Cycle CG 125	68	35	33	39	6	Company Policy	Mr. Muhammad Ayaz Employee
Motor Cycle CD 70	55	29	26	26	-	Company Policy	Mr. Muhammad Sohail Employee
Motor Cycle CD 70	55	34	21	25	4	Company Policy	Mr. Ghalib Hussain Employee
Motor Cycle CG 125	69	42	27	31	4	Company Policy	Mr. Shahzad Rasheed Employee
Motor Cycle CG 125	69	42	27	29	2	Company Policy	Mr. M. Laeeq Akhter Employee
Motor Cycle CD 70	65	45	20	27	7	Company Policy	Mr. Arif Mahmood Employee
Motor Cycle CG 125	69	43	26	30	4	Company Policy	Mr. Adnan Jawaid Paracha Employee
Motor Cycle CD 70	55	35	20	55	35	Company Policy	Mr. Abdur Rasheed Employee
Motor Cycle CD 70	51	22	29	51	22	Company Policy	Mr. Sheikh Mohd Akhter Employee
Motor Cycle CD 70	51	22	29	51	22	Company Policy	Mr. Gohar Rehman Employee
Motor Cycle CD 70	51	28	23	51	28	Company Policy	Mr. Maqbool Ahmed Employee
Motor Cycle CD 70	55	35	20	23	3	Company Policy	Mr. Mubashir Iqbal Employee
Motor Cycle CD 70	55	35	20	23	3	Company Policy	Mr. Amjad Ali Khan Employee
Motor Cycle CD 70	55	35	20	23	3	Company Policy	Mr. Muhammad Hussain Employee
Motor Cycle CD 70	52	14	38	53	15	Company Policy	Mr. Sohail Rana Employee
Motor Cycle CD 70	48	6	42	48	6	Insurance Claim	Atlas Insurance Limited Associated Company
Motor Cycle CD 70	48	6	42	48	6	Insurance Claim	Atlas Insurance Limited Associated Company
Motor Cycle CD 70	51	22	29	51	22	Company Policy	Mr. Liaquat Ali Ex-Employee
Motor Cycle CG 125	74	53	21	43	22	Company Policy	Mr. Nadeemullah Buzdar Ex-Employee
Motor Cycle CD 70	65	47	18	65	47	Company Policy	Mr. Shabbir Ahmed Employee
Motor Cycle CD 70	55	36	19	55	36	Company Policy	Mr. Salahuddin Employee
Motor Cycle CD 70	55	36	19	55	36	Company Policy	Mr. Manzoor Alam Employee
Motor Cycle CD 70	55	36	19	55	36	Company Policy	Mr. Abdul Rafique Employee
Motor Cycle CD 70	55	36	19	55	36	Company Policy	Mr. Amanat Ali Employee
Motor Cycle CG 125	69	46	23	28	5	Company Policy	Mr. Muhammad Arif Khan Employee
	1,990	1,082	908	1,497	589		
Total Motor Vehicle	10,158	3,885	6,273	7,324	1,051		
Forklifter	124	124	-	30	30	Negotiation	Mr. Zarrin Shah, Banarus Chowk, Karachi.
Sub-total	124	124	-	30	30		
Grand Total	10,282	4,009	6,273	7,354	1,081		
2007	9,394	5,856	3,538	4,203	665		

	Note	2008	2007
		(Rupees in '000)	
<b>5.7 CAPITAL WORK IN PROGRESS</b>			
Plant and machinery		1,257	590
Buildings		48,083	-
Advance for vehicle - related party		-	1,476
		<u>49,340</u>	<u>2,066</u>
<b>6 LONG TERM INVESTMENTS - Available for sale</b>			
Unquoted			
Arabian Sea Country Club Limited			
100,000 (2007: 100,000) Ordinary Shares of Rs. 10/- each		1,000	1,000
Less: Impairment in the value of investment		(1,000)	(1,000)
		<u>-</u>	<u>-</u>
<b>7 LONG TERM DEPOSITS</b>			
Considered Good			
Utility & Other deposits		4,012	4,012
		<u>4,012</u>	<u>4,012</u>
<b>8 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
General stores		8,146	8,188
Spare parts		3,207	2,518
Tools		488	24
Goods in transit		1,127	-
		<u>12,968</u>	<u>10,730</u>
<b>9 STOCK-IN-TRADE</b>			
Raw materials, packing materials & components			
In-hand		116,759	78,758
With third parties		104,576	36,716
		221,335	115,474
Work in process		108,099	66,759
Finished goods		47,807	35,130
Goods in transit		33,431	88,808
		<u>410,672</u>	<u>306,171</u>

9.1 Stock-in-trade and trade debtors upto a maximum amount of Rs.1,135.9 million (2007: Rs.400 million) are under hypothecation as security for the Company's short term finances.

9.2 Raw Materials and components costing Rs.104,576 thousand (2007 Rs.36,716 thousand) are held by Pak Polymer (Private) Limited, Paramount Moulding Services, Decent Engineering, Hytec Plastics, Diwan Plastic Industries, Al-Huada Plastic, Everest, Nova Plast, Malta Auto Industries, Sagheer Plastic, Mehran Traders and A.R. Enterprises under agreement executed by the company with them for manufacture of plastic containers, lids and other parts for the Company.

## 10 TRADE DEBTS

Considered Good			
Local debtors - Unsecured	10.1	77,387	51,834
		<u>77,387</u>	<u>51,834</u>

10.1 Includes Rs.3,612 thousand (2007: Rs. 1,558 thousand) due from Honda Atlas Cars (Pakistan) Limited - an associated company.

11 LOANS AND ADVANCES	Note	2008 (Rupees in '000)	2007
<b>Unsecured - Considered Good</b>			
Short-term loans to employees	11.1	1,088	1,129
Advances to suppliers		387	1,493
Tax deducted at source		56,480	28,072
		57,955	30,694

11.1 Loans to employees include loans to executives amounting to Rs.622 thousand (2007: Rs.130 thousand). The maximum amount due from executives at the end of any month was Rs.1,716 thousand (2007: Rs. 195 thousand). Loan outstanding for more than 3 year is Nil (2007: Nil).

## 12 TRADE DEPOSITS AND PREPAYMENTS

Deposits	12.1	74,091	2,600
Guarantee deposits		24	24
Prepayments		76	202
		74,191	2,826

12.1 This includes Rs.70,577 thousand (2007:Rs.Nil) representing margin maintained with banks against letters of credit including Rs.9,183 thousand (2007:Rs. Nil) maintained with Atlas Bank Limited (an associated company).

## 13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

No. of Units		Related party		
2008	2007			
Nil	509.1	Atlas Income Fund	-	278
			-	278

## 14 ACCRUED MARK-UP

Mark-up accrued on long term security deposits.	175	175
	175	175

## 15 OTHER RECEIVABLES

<b>Unsecured - Considered Good</b>			
Claim receivable	15.1	2,240	26
		2,240	26

15.1 This represents claim receivable from Atlas Insurance Limited (an associated company).

## 16 CASH & BANK BALANCES

<b>With banks:</b>			
On current accounts		1,474	1,038
Imprest accounts		237	401
Un-deposited cheques / collection		47,563	36,062
		49,274	37,501

Included in current accounts is an amount of Rs.446 thousand (2007:Nil) which is held with Atlas Bank Limited (an Associated Company).

<b>17 ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		Note	2008	2007
			(Rupees in '000)	
2008	2007			
(No. of shares)				
1,300,000	1,300,000	Ordinary shares of Rs. 10 each fully paid up in cash.	13,000	13,000
5,692,579	4,780,504	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	56,926	47,805
<u>6,992,579</u>	<u>6,080,504</u>		<u>69,926</u>	<u>60,805</u>
<b>17.1 Movement in share capital during the year</b>				
2008	2007			
(No. of shares)				
6,080,504	5,287,395	Balance as at June 30,	60,805	52,874
912,075	793,109	Bonus shares issued during the year	9,121	7,931
<u>6,992,579</u>	<u>6,080,504</u>	Balance as at June 30,	<u>69,926</u>	<u>60,805</u>
<b>17.2</b> The holders of Ordinary shares are entitled to receive dividends as declared by the Company from time to time and are also entitled to one vote per share at the meetings of the Company.				
<b>17.3</b> On October 5, 2007, a capitalisation issue of three bonus shares for every twenty shares held resulted in an increase in issued capital of Rs. 9,121 thousands and an equivalent reduction in unappropriated profit.				
<b>17.4</b> 4,754,041 (2007: 2,960,578 ) Ordinary Shares of Rs. 10/- each were held by associated companies at the year end.				
<b>18 REVENUE - RESERVES</b>				
General reserve	18.1	228,500	186,500	
Unappropriated profit		107,886	88,693	
		<u>336,386</u>	<u>275,193</u>	
<b>18.1 GENERAL RESERVE</b>				
Balance as at June 30, 2007		186,500	169,500	
Transferred from unappropriated Profit		42,000	17,000	
Balance as at June 30, 2008		<u>228,500</u>	<u>186,500</u>	
<b>19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>				
Surplus arising on revaluation of Leasehold land		<u>173,786</u>	-	
<b>20 DEFERRED LIABILITIES</b>				
Provision for gratuity	20.1	1,334	1,257	
Provision for compensated absences	20.2	16,110	14,845	
Deferred Taxation	20.3	44,379	46,779	
		<u>61,823</u>	<u>62,881</u>	

## 20.1 STAFF BENEFITS

20.1.1 The projected unit credit method, as allowed under the International Accounting Standard 19 'Employee Benefits', was used for actuarial valuation based on the following significant assumptions:

- Discount rate - 12% (2007: 10%) per annum
- Expected long term rate - 11% (2007: 9%) increase in salary levels per annum
- Expected long term rate of interest - 12% (2007: 10%) per annum
- Normal retirement age - 60 years (2007: 60 years)

The above mentioned actuarial assumptions and disclosures made in notes 20.1.2 to 20.1.10 are based on the information included in the actuarial valuation as at June 30, 2008.

### 20.1.2 Reconciliation of payable to defined benefit plan

	2008		2007	
	Funded	Unfunded	Funded	Unfunded
	-----Rupees in '000'-----			
Present value of defined benefit obligations – note 20.1.5	29,173	1,114	26,728	1,073
Fair value of plan assets – note 20.1.6	(20,882)	-	(14,161)	-
Unrecognised net actuarial gain or (loss)	(6,902)	220	(3,709)	184
Liability from other company	-	-	(7,676)	-
	<u>1,389</u>	<u>1,334</u>	<u>1,182</u>	<u>1,257</u>
<b>20.1.3 Movement in payable to defined benefit plan</b>				
Opening balance	1,182	1,257	1,607	1,284
Charge for the year – notes 27.4, 28.2 and 29.2	1,389	128	1,171	120
Benefits paid	-	(51)	-	(136)
Laibility in respect of promoted employees	-	-	11	(11)
Contributions by the company - note 20.1.6	(1,182)	-	(1,607)	-
Closing balance	<u>1,389</u>	<u>1,334</u>	<u>1,182</u>	<u>1,257</u>
<b>20.1.4 Actual return on plan assets</b>	<u>1677</u>	<u>-</u>	<u>1,451</u>	<u>-</u>
<b>20.1.5 Reconciliation of present value of obligation</b>				
Present value of obligation as at July 1,	26,728	1,073	14,631	1,035
Current service cost	841	41	800	41
Interest cost	1,988	94	1,182	91
Benefits paid	(3,812)	(51)	(1,289)	(136)
Transfer from unfunded to funded scheme	-	-	-	(11)
Actuarial loss on obligation	3,428	(43)	3,717	53
Liability recognised in respect of transfrees	-	-	7,687	-
Present value of obligation as at June 30	<u>29,173</u>	<u>1,114</u>	<u>26,728</u>	<u>1,073</u>



20.1.6 Changes in the fair value of plan assets are as follows:

	2008		2007	
	-----Rupees in '000'-----			
	Funded	Unfunded	Funded	Unfunded
Fair value as at July 1	14,161	-	12,392	-
Expected return on plan assets	1,526	-	997	-
Contributions by the company	1,182	-	1,607	-
Funds transferred in respect of transferees	7,676	-	-	-
Actual benefits paid by the gratuity fund during the year	(3,812)	-	(1,289)	-
Actuarial gain on assets	149	-	454	-
Fair value as at June 30,	20,882	-	14,161	-

20.1.7 Plan assets comprise as follows:

Debt	8,413	-	10,069	-
Equity	12,422	-	4,034	-
Cash	48	-	58	-

20.1.8 The expected return on plan assets was determined by considering the available investment options and existing investment portfolio.

20.1.9 Amount for the current year and previous four years of the present value of the defined benefit obligation, the fair value of plan assets, surplus / deficit and experience adjustments arising thereon are as follows:

	2008	2007	2006	2005	2004
	-----Rupees in '000'-----				
Funded:					
Present value of defined benefit obligation	29,173	26,728	14,631	16,649	11,022
Fair value of plan assets	(20,882)	(14,161)	(12,392)	(10,608)	(8,548)
Deficit	8,291	12,567	2,239	6,041	2,474
Experience adjustment on obligation (gain)/loss	3,428	3,717	(988)	1,450	782
Experience adjustment on plan assets gain/(loss)	150	(454)	(528)	(100)	(91)
Unfunded:					
Present value of defined benefit obligation	1,114	1,073	1,035	1,134	893
Fair value of plan assets	-	-	-	-	-
Deficit	1,114	1,073	1,035	1,134	893
Experience adjustment on obligation (gain)/loss	(43)	53	(151)	131	6
Experience adjustment on plan assets gain/(loss)	-	-	-	-	-

20.1.10 The expected gratuity expense for the year ending June 30, 2009 works out to Rs. 1,747 thousands for funded plan and Rs.150 thousand for unfunded scheme.

	Note	2008 (Rupees in '000)	2007
<b>20.2 PROVISION FOR COMPENSATED LEAVE ABSENCES</b>			
Balance at beginning of year		14,845	9,666
Add: Provision for the year		4,627	5,588
		<u>19,472</u>	<u>15,254</u>
Less : Payments during the year		3,362	409
Balance at end of year		<u>16,110</u>	<u>14,845</u>
<b>20.3 DEFERRED TAXATION</b>			
Deferred tax credits / (debits) arising in respect of temporary taxable differences due to:			
Accelerated tax depreciaton / amortisation		53,262	54,192
Provision for gratuity		(953)	(854)
Provision for impairment in available for sale investments		(350)	(350)
Provision for warranty		(1,942)	(1,013)
Provision for compensated leave absences		(5,639)	(5,196)
		<u>44,379</u>	<u>46,779</u>
<b>MOVEMENT OF DEFERRED TAX LIABILITY</b>			
Opening balance		46,779	39,565
Increase in deferred tax liabilities		(930)	12,491
Decrease in deferred tax assets		(1,471)	(5,277)
Charge for the year		(2,401)	7,214
		<u>44,379</u>	<u>46,779</u>
<b>21 TRADE AND OTHER PAYABLE</b>			
Trade creditors		46,233	49,417
Accrued liabilities	21.1	92,065	79,133
Provision for warranty	21.2	5,549	2,894
Customers advances/balances		16,464	8,922
Sales tax payable		14,716	223
Provision for gratuity - Funded	20.1	1,389	1,182
Workers' profit participation fund	21.3	93	6,791
Workers' welfare fund	21.4	3,421	2,495
Tax deductions		1,314	1,021
Unclaimed dividend	21.5	1,954	1,517
Other liabilities	21.6	2,069	2,559
		<u>185,267</u>	<u>156,154</u>
<b>21.1</b> Accrued liabilities include Rs.51,786 thousand (2007: Rs.55,756 thousand) due to GS Yuasa International Limited and Rs.5,041 thousand (2007: Nil) due to Atlas Insurance Company Limited, associated companies.			
<b>21.2 PROVISION FOR WARRANTY</b>			
Balance as at July 1,		2,894	2,212
Add: Provided during the year		34,045	19,724
		<u>36,939</u>	<u>21,936</u>
Less: Amount paid during the year		31,390	19,042
Balance as at June 30,		<u>5,549</u>	<u>2,894</u>

	Note	2008	2007
		(Rupees in '000)	
<b>21.3 WORKERS' PROFIT PARTICIPATION FUND</b>			
Balance as at July 1,		6,791	3,604
Add: Interest on funds utilised in the company's business		1,130	226
		<u>7,921</u>	<u>3,830</u>
Less: Amount paid to fund during the year		16,614	3,604
		<u>(8,693)</u>	<u>226</u>
Add: Contributions for the year @ 5 %		8,786	6,565
Balance as at June 30,		<u>93</u>	<u>6,791</u>
<b>21.4 WORKERS' WELFARE FUND</b>			
Balance as at July 1,		2,495	150
Less: Amount paid to fund during the year		1,877	132
		<u>618</u>	<u>18</u>
Add: Provision for:			
current year @ 2 %		3,420	2,495
prior year		(617)	(18)
Balance as at June 30,		<u>3,421</u>	<u>2,495</u>
<b>21.5 UNCLAIMED DIVIDEND</b>			
Unclaimed dividend		1,926	1,489
Unclaimed bonus fractions		28	28
		<u>1,954</u>	<u>1,517</u>
<b>21.6</b>	Other liabilities include vehicle deposits/instalments under company vehicle policy from executives amounting to Rs.591 thousand (2007: Rs.631 thousand).		

## 22 ACCRUED MARK-UP / INTEREST

Short term borrowings		7,057	2,469
		<u>7,057</u>	<u>2,469</u>

This includes an amount of Rs.2,790 thousand (2007:Nil) due to Atlas Bank Limited, a related party.

## 23 SHORT TERM BORROWINGS - SECURED

Running finances from Banks	23.1	263,002	105,764
Import Finance (Foreign currency)	23.2	-	65,436
Demand Finance	23.3	50,000	-
		<u>313,002</u>	<u>171,200</u>

23.1 The Company has credit facilities upto an aggregate of Rs. 850 million (2007: Rs. 300 million) which are secured against pledge/hypothecation of stocks and charge on debtors amounting to Rs.1,135.9 million (2007: Rs.400 million). The facilities carry mark-up at the rate of one month KIBOR + 0.70% to three months KIBOR + 0.80% per annum (2007- one month KIBOR + 1.0% to three months KIBOR + 1.5% per annum).

Included in short term finances is an aggregate amount of Rs.89.207 thousand (2007:Rs.22 thousand) which is payable to Atlas Bank Limited (an associated company).

23.2 The facility for opening letters of credit as at June 30, 2008 amounted to Rs.1,100 million (2007: Rs. 330 million) of which the amount remaining unutilised at the year-end was Rs. 836.54 million (2007: Rs.117.79 million).

23.3 During the year, the company has arranged demand finance from Allied Bank Limited amounting to Rs.150 million. The finance carries mark-up at the rate of one month KIBOR + 0.55% per annum to one month KIBOR + 0.80%. The finance is secured against pledge/hypothecation of stocks and charge on debtors. These facilities are available to the Company as a sub-limit of its running finance facilities.

	Note	2008	2007
		(Rupees in '000)	
<b>24 PROVISION FOR TAXATION</b>			
Balance at beginning of year		26,540	6,070
Add: Provision made during the year			
Current year		59,489	26,540
Prior year		246	993
		59,735	27,533
		86,275	33,603
Less : Payments during the year		26,786	7,063
Balance at end of the year		59,489	26,540
<b>25 CONTINGENCIES AND COMMITMENTS</b>			
Confirmed letters of credit relating to:			
Raw materials		204,074	139,198
Stores, spare parts and loose tools		2,490	-
Plant and equipment		56,899	3,663
Guarantees issued by banks on behalf of the Company		249	24
<b>26 NET SALES</b>			
Export sales		-	2,218
Local sales	26.1	2,628,820	1,583,430
		2,628,820	1,585,648
26.1 Gross Local sales		3,376,598	2,063,185
Less: Discounts and incentives		(309,361)	(224,813)
Sales tax		(438,417)	(254,942)
		2,628,820	1,583,430
<b>27 COST OF SALES</b>			
Opening stock of finished goods		35,130	52,530
Finished Goods purchased		23,530	14,846
Cost of goods manufactured	27.1	2,231,084	1,261,780
		2,289,744	1,329,156
Less: Closing stock of Finished goods	9	47,807	35,130
		2,241,937	1,294,026

	Note	2008 (Rupees in '000)	2007
<b>27.1 COST OF GOODS MANUFACTURED</b>			
Opening stock of Work in progress		66,759	49,667
Raw materials, Packing materials & Components consumed	27.2	1,894,836	983,229
Salaries, wages & benefits	27.3	103,366	79,295
Stores consumed		57,580	45,003
Fuel, power & water		72,332	65,755
Insurance		7,423	4,622
Rent, rates & taxes		1,012	1,088
Repair & maintenance		8,396	10,184
Royalty		51,945	31,727
Excise duty on royalty		1,209	-
Travelling, conveyance and entertainment		3,951	2,840
Cartage		2,771	2,699
Postage & telephone		562	671
Printing & Stationery		941	794
Vehicle running		360	292
Free replacement		34,045	19,724
Depreciation	5.3	30,721	29,931
Other manufacturing expenses		974	1,018
		<u>2,339,183</u>	<u>1,328,539</u>
Less: Closing stock of Work in progress	9	<u>108,099</u>	<u>66,759</u>
		<u>2,231,084</u>	<u>1,261,780</u>
<b>27.2 RAW MATERIALS, PACKING MATERIALS &amp; COMPONENTS CONSUMED</b>			
Opening Stock		115,474	107,239
Purchases		<u>2,000,697</u>	<u>991,464</u>
		2,116,171	1,098,703
Less: Closing Stock	9	<u>221,335</u>	<u>115,474</u>
		<u>1,894,836</u>	<u>983,229</u>

27.3 Salaries, wages & benefits include Rs.1,635 thousand (2007: Rs. 1,339 thousand) in respect of contributory provident fund.

27.4 The following amounts have been charged to cost of goods manufactured during the year in respect of gratuity schemes:

	2008		2007	
	-----Rupees in '000'-----			
	Funded	Unfunded	Funded	Unfunded
Current service cost	277	40	275	41
Interest costs	657	94	405	91
Expected return on Plan Assets	(504)	-	(342)	-
Amortization of (gain)/loss	32	(6)	-	(12)
Amortization of non vested liability	-	-	64	-
	<u>462</u>	<u>128</u>	<u>402</u>	<u>120</u>

28 DISTRIBUTION COSTS	Note	2008 (Rupees in '000)	2007
Salaries & benefits	28.1	25,605	20,277
Travelling, conveyance & entertainment		7,213	7,000
Rent, rates & taxes		2,295	2,090
Insurance		9,656	6,795
Repairs & maintenance		370	604
Gas & electricity		952	817
Advertisement & publicity		8,455	12,486
Freight & handling		53,743	40,595
Export handling and other charges		-	37
Printing & stationery		394	372
Postage & telephone		3,419	3,126
Vehicle running		114	62
Services charges		332	195
Depreciation	5.3	2,098	1,773
Others		311	252
		114,957	96,481

28.1 Salaries & benefits include Rs.1,006 thousand (2007: Rs. 892 thousand) in respect of contributory provident fund.

28.2 The following amounts have been charged to distribution costs during the year in respect of gratuity schemes:

	2008		2007	
	Funded	Unfunded	Funded	Unfunded
Current service cost	204	-	213	-
Interest costs	482	-	315	-
Expected return on Plan Assets	(370)	-	(266)	-
Amortization of loss	24	-	-	-
Amortization of non vested liability	-	-	50	-
	340	-	312	-

## 29 ADMINISTRATIVE EXPENSES

Directors' meeting fee	38.2	100	80
Salaries & benefits	29.1	39,664	30,946
Travelling, conveyance & entertainment		5,143	3,052
Rent, rates & taxes		1,714	1,559
Insurance		1,502	852
Legal & professional charges		528	530
Fees & Subscription		473	442
Postage & telephone		546	402
Printing & Stationery		717	572
Vehicle running		270	701
Training expenses		1,194	671
Depreciation	5.3	2,860	2,192
Others		16	2
Donations	29.3	1,230	660
		55,957	42,661

29.1 Salaries & benefits include Rs.1,770 thousand (2007: Rs. 1,317 thousand) in respect of contributory provident fund.

29.2 The following amounts have been charged to administrative expenses during the year in respect of gratuity schemes:

	2008		2007	
	Funded	Unfunded	Funded	Unfunded
	-----Rupees in '000'-----			
Current service cost	360	-	312	-
Interest costs	850	-	461	-
Expected return on Plan Assets	(653)	-	(389)	-
Amortization of loss	30	-	-	-
Amortization of non vested liability	-	-	73	-
	<u>587</u>	<u>-</u>	<u>457</u>	<u>-</u>

29.3 This includes Rs 1,220 thousand (2007: Rs. 660 thousand) paid to the Atlas Foundation. Mr.Yusuf H. Shirazi, Chairman and Mr. Iftikhar H. Shirazi, director are on the Board of the Foundation.

	Note	2008 (Rupees in '000)	2007
<b>30 OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund		8,786	6,565
Workers' welfare fund		2,803	2,477
Auditors' remuneration:	30.1	642	435
		<u>12,231</u>	<u>9,477</u>
<b>30.1 Auditors' remuneration:</b>			
Audit fee		290	264
Provident fund & Workers' profit participation fund audit and certification		330	152
Out of pocket expenses		22	19
		<u>642</u>	<u>435</u>
<b>31 OTHER OPERATING INCOME</b>			
<i>Income from financial assets:</i>			
Profit on Long term deposits		175	176
Unrealized gain on remeasurement of investment		-	25
Gain on Sale of Investment		15	-
Exchange gain		-	6
		190	207
<i>Income from non financial assets:</i>			
Scrap sales		658	424
Profit on sale of fixed assets	5.6	1,081	665
		<u>1,739</u>	<u>1,089</u>
		<u>1,929</u>	<u>1,296</u>
<b>32 FINANCE COSTS</b>			
<i>Interest / markup on:</i>			
Long term loan - secured		-	4,918
Short term finance - secured		38,391	15,232
Workers' profit participation fund		1,130	226
Bank & other financial charges		2,015	1,666
		<u>41,536</u>	<u>22,042</u>

	Note	2008	2007
		(Rupees in '000)	
<b>33 TAXATION</b>			
Tax charge for the year			
- Current year		59,489	26,540
- Prior year		246	993
- Deferred		(2,401)	7,214
		57,334	34,747
<b>33.1</b>	The charge for the year can be reconciled to the profit as per the profit and loss account as follows:		
Accounting profit before tax		164,131	122,257
Tax at the applicable income tax rate@ 35% (2007: 35%)		57,446	42,790
Tax effect of expenses that are not deductible in determining taxable income		(8,720)	(8,499)
Adjustment in respect of current income tax of previous periods		246	993
Effect of difference in tax rates under normal assessment and presumptive tax regime		8,362	(537)
		57,334	34,747
<b>33.2</b>	The income tax assessments of the Company have been finalised upto and including tax year 2007 (Income year ending 30 June 2007)		
<b>34 BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation for the year attributable to Ordinary Shareholders		106,797	87,510
Weighted average number of ordinary shares outstanding at year-end (Adjusted for the bonus issue during the year)		6,992,579	6,992,579
Earnings per share-basic and diluted	Rs.	15.27	12.51
<b>35 CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before taxation		164,131	122,257
Adjustments for non cash charges & other items:			
Depreciation		35,679	33,896
Markup / interest expenses		39,521	20,376
Profit on sale of property, plant and equipment		(1,081)	(665)
Provision for gratuity		128	120
Provision for compensated absences		4,627	5,588
Unrealized gain on remeasurement of available for sale investment		-	(25)
Gain on sale of investment		(15)	-
		78,859	59,290
Operating profit before working capital changes		242,990	181,547
<b>Working capital changes:</b>			
(Increase) / Decrease in Current Assets			
Stores, spare parts and loose tools		(2,238)	(2,071)
Stock-in-trade		(104,501)	(88,159)
Trade debts		(25,553)	(5,970)
Loan and Advances (excluding tax deducted at source)		1,147	1,459
Trade deposits and prepayments		(71,365)	(1,602)
Accrued mark-up		-	(54)
Other receivables		(2,214)	339
		(204,724)	(96,058)
Increase in Current Liabilities			
Trade and other payable (excluding unclaimed dividend)		28,676	62,698
Working Capital changes		(176,048)	(33,360)
<b>Cash generated from operations</b>		66,942	148,187



		2008	2007
		(Rupees in '000)	
<b>36 ANALYSIS OF CHANGES IN CASH &amp; CASH EQUIVALENTS</b>			
Balance at beginning of year		37,501	30,309
Net Cash Inflow		11,773	7,192
Balance at end of year	16	49,274	37,501

### 37 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. Amount due from and to related parties, if any, shown under receivables and payables and remuneration of key management personnel is disclosed in the note no. 38. Other significant transactions with related parties are as follows:

Sales	203,062	146,974
Purchase of fixed assets	2,663	18,409
Reimbursement of expenses	533	3,740
Expenses charged to	-	147
Insurance claim	7,250	2,627
Donation paid	1,220	660
Sale proceeds of bonus fractions	78	31
Insurance premium	34,330	20,402
Rent paid	2,258	2,053
Dividend paid	17,763	7,723
Mark-up on running finance/other charges	6,718	22
Redemption of mutual fund	294	-
Purchases of raw material and consumables	5,317	19,569
Purchases of consumables	195	164
Purchases of natural gas	9,011	22,691
Purchases of lubricants	132	92
Royalty	51,946	31,727

### 38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

#### 38.1 Chief Executive Officer

Remuneration	2,538	3,202
Bonus	791	708
Rent & utilities	1,396	1,761
Cost of living allowance	381	480
Provident fund and Gratuity	387	474
Reimbursement of medical expenses & others	62	122
	5,555	6,747

#### 38.2 Meeting fees other directors

Number of persons	2	2
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#### 38.3 Executives

Managerial Remuneration	16,938	11,553
Bonus	4,927	2,907
Rent & utilities	9,503	6,354
Cost of living allowance	2,541	1,733
Provident fund and Gratuity	2,395	1,640
Reimbursement of medical expenses & others	546	497
	36,850	24,684
Number of persons	13	13

The Chief Executive Officer is provided with free use of Company maintained car. Certain executives are also provided with Company vehicles.

### 39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 39.1 Interest/Mark up rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to change in the interest rates. The company manages this risk through risk management strategies. Interest rate risk of the company's financial assets and financial liabilities can be evaluated from following schedule:

	2 0 0 8						2 0 0 7	
	Interest bearing			Non-Interest bearing			Total	Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
	R u p e e s   i n   ' 0 0 0							
<b>Financial assets</b>								
Long term deposits	-	3,495	3,495	-	517	517	4,012	4,012
Trade Debtors	-	-	-	77,387	-	77,387	77,387	51,834
Loans & advances	-	-	-	1,475	-	1,475	1,475	2,622
Trade deposits	-	-	-	74,115	-	74,115	74,115	2,624
Short term investment	-	-	-	-	-	-	-	278
Other receivable	-	-	-	2,240	-	2,240	2,240	26
Cash & Bank balances	-	-	-	49,274	-	49,274	49,274	37,501
2008	-	3,495	3,495	204,491	517	205,008	208,503	98,897
2007	278	3,495	3,773	94,607	517	95,124	98,897	
<b>Financial liabilities</b>								
Short term financing	313,002	-	313,002	-	-	-	313,002	171,201
Mark-up accrued on borrowings	-	-	-	7,057	-	7,057	7,057	2,470
Trade & Other payables	-	-	-	170,551	-	170,551	170,551	155,931
	313,002	-	313,002	177,608	-	177,608	490,610	329,602
On - balance sheet gap - 2008	(313,002)	3,495	(309,507)	26,883	517	27,400	(282,107)	(230,705)
- 2007	(170,923)	3,495	(167,428)	(63,794)	517	(63,277)	(230,705)	
<b>Off-balance sheet gap</b>								
Letter of credit							263,463	142,861
Letter of guarantee							249	24

#### 39.2 Effective interest rates

	2008	2007
<b>Assets</b>		
Long term deposits	5.0%	5.0%
Short term investment	10.9%	9.7%
Cash at Bank under PLS. Deposit	-	2.3%
<b>Liabilities</b>		
Short term financing	5.88% to 13.56%	6.15% to 11.62%

#### 39.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and the availability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

#### 39.4 Credit risk and concentration of credit risk

Credit Risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debtors, long-term deposits and balances with banks. The financial assets which are subject to credit risks amounted to Rs. 208.5 million (2007: Rs. 98.90 million).

The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers.

#### 39.5 Foreign exchange risk management

Foreign currency risk mainly arises where payables exist due to imports of goods. The company obtains forward exchange cover, where necessary, to hedge its foreign currency exposure in various currencies.

#### 39.6 Fair value of the financial instruments

The carrying value of all the financial instruments reflected in the financial statements approximates their fair values, except for long term loans, trade deposits and other receivables, which are stated at cost / amortised cost.

#### 39.7 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

#### 39.8 Capital Management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

### 40 PLANT CAPACITY

The production capacity of the plant cannot be determined as this depends on relative proportion of various types and sizes of batteries produced.

### 41 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 25, 2008 by the board of directors of the Company.

### 42 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

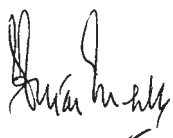
The Board of Directors have proposed the following dividend and bonus shares:

	2008	2007
	(Rupees in '000')	
<b>Dividends and bonus shares attributable to the year</b>		
Final dividend of Rs.7.50 (2007: Rs.6/-) per share	52,444	36,483
Bonus share issued at the rate of 0% (2007:15% - three shares for every 20 shares held)	-	9,121

The dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

#### Dividends and bonus shares attributable to the previous financial year, approved and paid during the year

Final dividend in respect of previous financial year, approved and paid during the year of Rs.6 (2006: Rs.3/-) per share.	36,483	15,862
Bonus shares in respect of previous financial year, approved and issued during the year at the rate of 15% (2006: 15%).	9,121	7,931



Aitzaz Shahbaz  
Director



Talha Saad  
Chief Executive



Yusuf H. Shirazi  
Chairman

## PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2008

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
579	1	100	15,562	0.22
326	101	500	84,743	1.21
103	501	1,000	71,213	1.02
141	1,001	5,000	283,441	4.05
12	5,001	10,000	74,663	1.07
10	10,001	15,000	131,708	1.88
1	15,001	20,000	18,613	0.27
1	20,001	25,000	23,250	0.33
2	25,001	30,000	52,096	0.75
1	30,001	35,000	30,417	0.43
1	35,001	40,000	35,579	0.51
3	40,001	45,000	126,325	1.81
2	55,001	60,000	112,238	1.61
2	90,001	95,000	183,170	2.62
1	95,001	100,000	95,749	1.37
1	105,001	110,000	107,700	1.54
1	120,001	125,000	121,939	1.74
1	125,001	130,000	128,550	1.84
1	130,001	135,000	130,821	1.87
1	660,001	665,000	661,250	9.46
1	1,045,001	1,050,000	1,048,880	15.00
1	1,360,001	1,365,000	1,364,573	19.51
1	2,090,001	2,095,000	2,090,099	29.89
<u>1,193</u>			<u>6,992,579</u>	<u>100.00</u>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
<b>Associated Undertakings &amp; Related parties</b>			
Atlas Insurance Limited	1	121,939	1.74
Atlas Foundation	1	128,550	1.84
Shirazi Investments (Private) Limited	1	2,090,099	29.89
GS Yuasa International Ltd	1	1,048,880	15.00
Shirazi Capital (Pvt) Ltd.	1	1,364,573	19.51
	<u>5</u>	<u>4,754,041</u>	<u>67.99</u>
<b>Directors/Spouse</b>			
Mr. Yusuf H. Shirazi and Mrs. Khawar S. Shirazi	1	1	0.00
Mr. Iftikhar H. Shirazi	1	1	0.00
Mr. Aitzaz Shahbaz	1	151	0.00
Mr. Javaid Anwar	1	151	0.00
Mr. Muhammad Atta Karim	1	151	0.00
	<u>5</u>	<u>455</u>	<u>0.00</u>
<b>Corporation</b>			
State Life Insurance Corporation of Pakistan	1	93,035	1.33
<b>Financial Institutions</b>			
J.P. Morgan Chase Bank	1	661,250	9.46
Habib Insurance Co.Ltd.	1	12,561	0.18
	<u>2</u>	<u>673,811</u>	<u>9.64</u>
Joint Stock Companies	18	161,190	2.31
Individuals	1,160	1,284,400	18.36
SECP	1	1	0.00
Abandoned Properties Organisation	1	25,646	0.37
	<u>1,193</u>	<u>6,992,579</u>	<u>100.00</u>

## Atlas Group Companies

	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1963
 Atlas Battery	1966
 Shirazi Trading	1973
 Atlas Insurance	1980*
 Atlas Engineering	1981*
 Atlas Bank	1990
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Total Atlas Lubricants	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Capital Markets	2006
 Atlas Power	2007

The Secretary  
Atlas Battery Limited,  
D-181, Central Avenue,  
S.I.T.E.,  
Karachi.

Affix  
Revenue Stamp  
  
Signature

Dear Sir,

SUBJECT: PROXY FORM

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Address)

\_\_\_\_\_  
Date

I/We the undersigned member(s) of Atlas Battery Limited Holding \_\_\_\_\_ Ordinary  
Shares hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_  
or failing him/her Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_  
being member of the Company as my/our proxy to attend, act and vote for me/us and on my/our  
behalf at the Annual General Meeting of the Company to be held at Federation House, 2nd Floor,  
Sharae Firdousi, main Clifton, Karachi, on September 29, 2008 at 8:30 a.m. and at every adjournment  
thereof.

(1) \_\_\_\_\_ (2) \_\_\_\_\_

(3) \_\_\_\_\_ (4) \_\_\_\_\_

Signature(s)

(1) \_\_\_\_\_

(2) \_\_\_\_\_

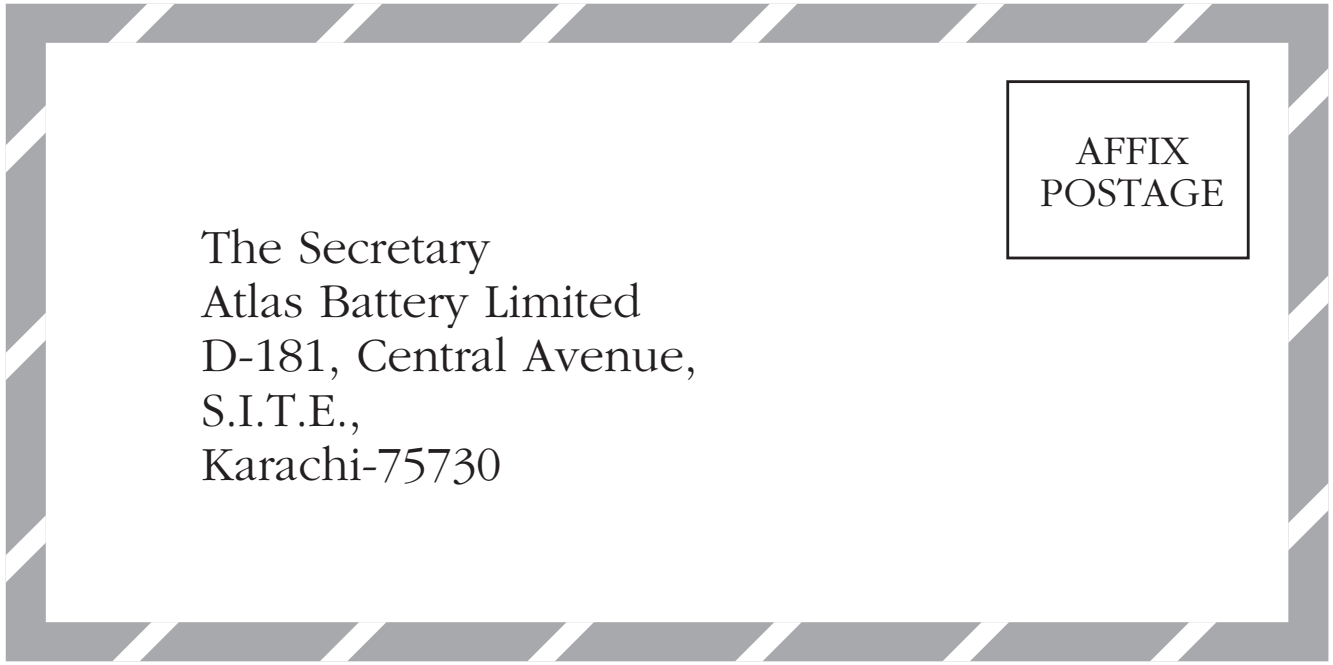
(3) \_\_\_\_\_

(4) \_\_\_\_\_

Names(s)

\_\_\_\_\_

Signed in the presence of  
\_\_\_\_\_  
Name of Witness  
\_\_\_\_\_  
\_\_\_\_\_  
Address  
\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Date



The Secretary  
Atlas Battery Limited  
D-181, Central Avenue,  
S.I.T.E.,  
Karachi-75730

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**PRODUCT TYPES AND THEIR APPLICATION**

New Names	Old Names as per JIS	Plates Per Cell	Polarity Per Cell	Application
<b>Light Batteries</b>				
XR40	NS40SR	9PL	R	Suzuki Van/pickups, Subaru Van/Pickups (old models) (600cc - 800cc)
XL45	NS40ZL	9PL	L	Suzuki Car/Van pickups, Jeep Subaru Car/Van Pickups, Charade Petrol (800cc-1000cc)
CNG45	NS40ZL	9PL	L	Suzuki Mehran, Daihatsu Cuore, kia Classic, All CNG Converted Vehicles (800cc-1000cc)
XL48	NS40ZL	11PL	L	All Types of Suzuki Vehicles (800cc to 1300cc) Honda Citi (1300cc)
XL50	N40	11PL	L	Toyota, Nissan (Datsun), Daihatsu, Mazda,
CNG55	N40	11PL	L	Mitsubishi (1200cc to 1600cc)
NS60	NS60	13PL	R	Datsun 120Y, Mazda, Mitsubishi Lancer, Toyota, Honda Civic (1000cc-1600cc)
55D26R	N50	9PL	R	Toyota Mark II, Toyota Crown, Toyota Cressida, Mercedes Benz, Willys Jeeps, MF375 Tractors, Hyundai/Daewoo (2000cc-6000cc)
65D26R	N50Z	11PL	R	
DIN555-30	DIN555-30	11PL	L	
XR85	N70 EXTRA	13PL	R	
XL85	N70 EXTRA L	13PL	L	
<b>Medium Batteries</b>				
80D31R	NS70	11PL	R	Toyota Hi-Ace, Mercedes Benz, Issuzu Bus JCR 520zz, Massey Ferguson Tractors, MF -210 Crusier, Toyota Hi-Lux, Nissan Diesel Pick-up, Ford 1910 Tractor (2000cc - 6000cc), TV Sets, Radio Sets, Loud Speakers, Tape Recorder
85D31R	N70Z	13PL	R	
U95	U95	13PL	R	
XR100	N85P	15PL	R	
XL100	N85L	15PL	L	
6FT108	6FT15	15PL	L	Fiat Tractors 460/480, IMT 540 Tractors Massey Ferguson Tractors 240/265, Ford Wagons Land Rover, Toyota Land Cruiser (3000cc-6000cc)
N110	N100S	17PL	L	Issuzu Trucks, Mercedes Benz - Hino Truck ZH -100 Fiat Tractors 640 issuzu JCR 460R. (3000cc-6000cc)
U115	U115	15PL	L	
118E41R	N100	19PL	R	
U130	U130	19PL	R	Fiat Tractors 640, Hino Truck & Busses, Hino Bowzer, Fiat Trucks, Ford Dumper, Issuzu Diesel Busses, Fiat Buses (3000cc - 12000cc)
<b>Heavy Batteries</b>				
XC140	N120S	21PL	C	Ford Tractor-3610 & 46
145F51R	N140	23PL	C	
4DLT145	N130S	23PL	C	
4DLT160	N150S	27PL	C	
XL180	XL180	23PL	C	Bedford Truck, Fiat Tractors 640, Mazda Coaster T-3000, Issuzu TD-72, Generator Sets, Local Converter, Mazda Coaster T-3000, Generator Sets, Road Rollers & Belarus Tractor.
N185	165AH	25PL	C	
195G51R	N175	27PL	C	
195G51RF	N190Z	27PL	C	
210H52	N200P	31PL	C	
245H52	N200	33PL	C	Generator Sets, Road Roller, Bulldozer.
<b>UPS Batteries</b>				
UPS80	UPS80	11PL	R	1 PC, Invertor 500VA - 600VA
UPS115	UPS115	15PL	R	1 PC, Invertor 600VA - 650VA
UPS120	UPS120	17PL	R	2 PC, Invertor 650VA - 800VA
UPS140	UPS140	21PL	C	3 PC, Invertor 800VA - 1400VA
UPS180	UPS180	23PL	C	4 PC, Invertor 1400VA - 2KV
UPS200	UPS200	25PL	C	5 PC, Invertor 2KV and above





# **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)