



Half Yearly Report  
December 31, 2013



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## COMPANY INFORMATION

### Board of Directors

Yusuf H. Shirazi  
Chairman

Bashir Makki  
Director

Kamal A. Chinoy  
Director

Makio Tanaka  
Director

Omar Saeed  
Director

Talha Saad  
Director

Ali H. Shirazi  
President / Chief Executive

Rizwan Ahmed  
Company Secretary

### Audit Committee

Kamal A. Chinoy  
Chairman

Bashir Makki  
Member

Talha Saad  
Member

Rizwan Ahmed  
Secretary

M. Rizwan Jamil  
Head of Internal Audit

### Human Resource and Remuneration Committee

Omar Saeed  
Chairman

Ali H. Shirazi  
Member

Bashir Makki  
Member

Ahmar Waheed  
Secretary

### Management Committee

Ali H. Shirazi  
President / Chief Executive

Talha Saad  
Managing Director

Arshad Gulraiz Butt  
Advisor to CEO

Ahmad Zafaryab Ali  
Chief Financial Officer

Mohsin Khan  
General Manager Marketing

Muhammad Iqbal  
General Manager Supply Chain

Muhammad Jamil Awan  
General Manager Quality Assurance

Nehal Asghar  
General Manager Plant

Ahmar Waheed  
Head of Human Resource

Qasim Imran Khan  
Head of Information Technology

## COMPANY INFORMATION

### Auditors

Hameed Chaudhri & Co.  
Chartered Accountants

### Legal Advisors

Agha Faisal Barrister at Law  
Mohsin Tayebaly & Co.

### Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Bankers

Allied Bank Limited  
Bank Alfalah Limited  
Barclays Bank PLC  
HSBC Bank Middle East Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Tokyo-Mitsubishi UFJ, Limited  
United Bank Limited

### Share Registrar

Hameed Majeed Associates (Pvt) Limited  
Karachi Chambers, Hasrat Mohani Road,  
Karachi.  
Tel: (021) 32424826 & 32412754  
Fax: (021) 32424835  
E-mail: shares@hmaconsultants.com.pk

### Registered Office & Factory

D-181, Central Avenue, S.I.T.E.,  
Karachi-75730  
Tel: (021) 32567990-94  
Fax: (021) 32564703

### Zonal Office Karachi

4-C, Khayaban-e-Tanzeem,  
Tauheed Commercial,  
Phase V, D.H.A., Karachi  
Tel: (021) 35877911-15  
Fax: (021) 35877916

### Sukkur Office

F-33/4, Barrage Colony,  
Workshop Road, Sukkur  
Tel: (071) 5612532  
Fax: (071) 5612532

### Zonal Office Lahore

Salam Chambers,  
21 Link Mcleod Road, Lahore-54000  
Tel: (042) 37227075 & 37354245  
Fax: (042) 37352724

### Faisalabad Office

54-Chenab Market,  
Madina Town, Faisalabad  
Tel: (041) 8713127  
Fax: (041) 8726628

### Multan Office

Azmat Wasti Road,  
Chowk Dera Adda, Multan-60000  
Tel: (061) 4548017

### Peshawar Office

Ground Floor, Zeenat Plaza,  
Near General Bus Stand,  
G.T. Road, Peshawar  
Tel: (091) 2262485

### Rawalpindi Office

312-A, Kashmir Road,  
R. A. Bazar, Rawalpindi-65847  
Tel: (051) 5567423

### Sahiwal Office

647-V-7, Al-Hilal Building,  
Nishter Road, Sahiwal-57000  
Tel: (040) 4461539

### Company Website

[www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)

### Email Address

[abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk)

## CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited condensed interim results of your Company for the half year ended December 31, 2013.

### ECONOMY

The Pakistan economy is steadily improving with expected rise in GDP growth. Sustainable economic performance with requisite structural reforms is now the need of the hour. The national economic upsurge resulting from the supportive policies of the government and State Bank has enabled the Large Scale Manufacturing sector to a healthy growth of 5.7% for 4 months of FY 2013-14. However, the nation-wide energy shortages, volatility in Pak Rupee, increase in power tariffs and prevalent law and order situation of the country remained the biggest threats to the operational and financial viability of the manufacturing sector. The CPI inflation has increased to 9.2% for 6 months of FY 2013-14 as compared to 7.9% in the corresponding period last year. As a counter measure, State Bank has increased the policy rate by 100 bps to 10% and may further tighten going forward. This factor may dampen the growth momentum and the government will do well to achieve the GDP growth target of 4.4%. Home remittances rose up to US\$ 7.8 billion as against US\$ 7.1 billion in the corresponding period last year, up 9.9%. Despite healthy remittances along with foreign disbursements from IMF, CS Fund and other multilateral sources, foreign exchange reserves reduced to US\$ 8.3 billion at the end of December 2013. Due to continued net outflow of foreign currency from the system together with the need to build foreign exchange reserves, the exchange rate did experience substantial volatility during first half of FY 2013-14. Exports increased to US\$ 12.5 billion, up 3.2% as compared to US\$ 12.1 billion in the corresponding period last year. Imports increased to US\$ 20.9 billion, up 3.9% as compared to US\$ 20.1 billion in the corresponding period last year. These factors culminated in current account deficit of US\$ 8.4 billion or 1.7% of GDP.

### OPERATING RESULTS

Your Company achieved sales growth of 39.7% with net revenue of Rs.2,892.2 million during 2nd quarter as compared to Rs.2,069.7 million for the same period last year. However, cost of sales for the same period also increased from Rs.1,764.6 million to Rs.2,492.4 million, up 41.2%. Increase in raw material prices, depreciation of Pak Rupee against US dollar and unabated higher cost of energy hampered the gross profit ratio which stood at 13.8% as compared to 14.7% in the corresponding period of last year; however, in terms of value, it improved from Rs.305.1 million to Rs.399.8 million, up 31.0%.

Operating expenses increased from Rs.104.9 million to Rs.118.6 million, up by Rs.13.7 million mainly because of increase in freight cost. Other operating income increased from Rs.16.9 million to Rs.25.2 million due to treasury activities. Other operating expenses, increased by Rs.4.6 million as compared to same period last year due to better profitability during the quarter under review. Profit from operations increased to Rs.280.9 million from Rs.196.4 million, up 43.0%. Finance cost increased from Rs.13.8 million to Rs.33.3 million, up Rs.19.5 million as compared to corresponding period due to higher utilization of running finance facilities.

Thus, profit before tax for 2nd quarter of FY 2013-14 stood at Rs.247.5 million as compared to Rs.182.6 million in the corresponding period of last year, up 35.5%. After providing Rs.72.1 million in respect of current and deferred taxation, the after tax profit of your Company stood at Rs.175.5 million as compared to Rs.131.0 million, up 34.0%. Earnings per share for the quarter improved from Rs.7.53 to Rs.10.09.

For the 1st half of FY 2013-14, net sales revenue increased to Rs.5,275.8 million as compared to Rs.3,855.9 million for the same period last year, up 36.8%. However, cost of sales increased substantially by 37.9% as against corresponding period of last year. This put an adverse impact on gross profit ratio which reduced to 14.4% as against 15.1% of last year. However, in absolute amount, it improved to Rs.762.0 million from Rs.583.1 million, up 30.7%.

Operating profit for six months improved to Rs.506.2 million from Rs.375.8 million, up 34.7% as compared to same period last year. Finance cost increased by Rs.27.4 million because of higher utilization of running finance facilities. Thus, profit before tax for six months was Rs.450.2 million as compared to Rs.347.2 million in the corresponding period of last year, up 29.7%. After tax profit was Rs.328.9 million as against Rs.244.8 million during the same period last year and earnings per share improved to Rs.18.90 as against Rs.14.07, up 34.3%.

## FORWARD LOOKING STATEMENT

Being a vendor of automotive industry, your Company's product is highly dependent on the growth of the industry. During the 1st half of FY 2013-14, sales of locally manufactured cars, buses, trucks, etc. dropped by 6.9% to 80,032 units from 85,968 units during the same period of corresponding last year. Motorcycles and three wheelers segment also witnessed decline of 6.2% to 387,805 units from 413,199 units during the same period of corresponding last year. This situation is likely to prevail during the 2nd half of FY 2013-14 which will increase competition amongst battery manufacturers.

Moreover, rising inflation, poor security environment, rupee devaluation and power outages will also remain challenges for the economy during 2nd half of FY 2013-14. However, the Management of your Company is determined to become more efficient through curbing costs, maintaining quality of product and service and growth in sales for improved market penetration. This will result in substantial improvement in financial performance and growth of your Company. The emphasis will be on continuous improvement in human resource capabilities and value addition for shareholders. I am sure your Company will continue to focus on productivity while meeting customers' need with improved quality by following the principles of "The Atlas Way".

عہدہ نمودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے  
خدا بندے سے خود پہ چھے بتا تیری رضا کیا ہے

(Determination leads to achieve what one would like to achieve)

## ACKNOWLEDGEMENTS

I would like to thank our JV Partners GS Yuasa International Limited; Japan, Board of Directors, our bankers, shareholders, vendors and customers for their continuous support and guidance. I also thank Mr. Ali H. Shirazi; President and Chief Executive of your Company and the management team for their dedication and commitment to achieve sustained growth year after year.



Yusuf H. Shirazi  
Chairman



# HAMEED CHAUDHRI & CO.

## CHARTERED ACCOUNTANTS

### Auditors' Report to the Members on Review of Interim Financial Information

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of **Atlas Battery Limited** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: February 24, 2014  
Engagement Partner: Muhammad Ali

*Hameed Chaudhri & Co.*

HAMEED CHAUDHRI & CO.  
CHARTERED ACCOUNTANTS

#### KARACHI

Karachi Chambers, Hasrat Mohani Road.  
Off : +9221 32411474, 32412754  
Fax : +9221 32424835  
E-Mail : khi@hccpk.com

#### LAHORE

HM House, 7-Bank Square.  
Off : +9242 37235084-87  
Fax : +9242 37235083  
E-Mail : lhr@hccpk.com  
URL : www.hccpk.com



## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	Unaudited December 31, 2013 ----- (Rupees in '000) -----	Audited June 30, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	1,326,287	1,155,854
Intangible assets	6	2,252	1,736
Investments		-	-
Long term deposits		10,555	10,555
Long term loans		730	657
		<u>1,339,824</u>	<u>1,168,802</u>
<b>Current assets</b>			
Stores, spares and loose tools		63,085	57,818
Stock-in-trade	7	1,846,567	1,477,258
Trade debts		132,654	79,987
Loans and advances		8,041	3,497
Deposits and prepayments	8	80,169	6,446
Investments	9	757,812	711,544
Other receivables		2,318	4,121
Taxation - net		200,169	94,615
Cash and bank balances		72,192	33,055
		<u>3,163,007</u>	<u>2,468,341</u>
<b>Total assets</b>		<u><u>4,502,831</u></u>	<u><u>3,637,143</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized capital 50,000,000 (June 30, 2013: 50,000,000) Ordinary shares of Rs.10 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up capital 17,399,769 (June 30, 2013: 14,499,808) Ordinary shares of Rs.10 each	10	173,998	144,998
General reserve		1,477,500	1,067,500
Unappropriated profit		322,107	577,244
		<u>1,973,605</u>	<u>1,789,742</u>
<b>Surplus on revaluation of leasehold land</b>		173,786	173,786
<b>Non-current liabilities</b>			
Staff retirement benefits		50,113	45,825
Deferred taxation		163,994	146,945
		<u>214,107</u>	<u>192,770</u>
<b>Current liabilities</b>			
Trade and other payables		715,066	799,556
Sales tax payable - net		94,263	53,488
Accrued mark-up		24,746	11,110
Short term borrowings		1,307,258	616,691
		<u>2,141,333</u>	<u>1,480,845</u>
<b>Contingencies and commitments</b>	11	<u>2,355,440</u>	<u>1,673,615</u>
<b>Total equity and liabilities</b>		<u><u>4,502,831</u></u>	<u><u>3,637,143</u></u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Kamal A. Chinoy**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Note	Quarter ended		Half year ended	
		December 31,		December 31,	
		2013	2012	2013	2012
----- (Rupees in '000) -----					
Sales - net		2,892,187	2,069,701	5,275,805	3,855,916
Cost of sales	12	(2,492,426)	(1,764,569)	(4,513,823)	(3,272,802)
<b>Gross profit</b>		399,761	305,132	761,982	583,114
Distribution cost		(67,040)	(55,847)	(134,940)	(111,819)
Administrative expenses		(51,580)	(49,009)	(104,021)	(95,395)
Other income		25,161	16,913	46,551	36,060
Other expenses		(25,427)	(20,803)	(63,417)	(36,175)
<b>Profit from operations</b>		280,875	196,386	506,155	375,785
Finance cost		(33,327)	(13,758)	(55,986)	(28,633)
<b>Profit before taxation</b>		247,548	182,628	450,169	347,152
Taxation	13	(72,062)	(51,667)	(121,308)	(102,309)
<b>Profit after taxation</b>		175,486	130,961	328,861	244,843
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		175,486	130,961	328,861	244,843
----- (Rupees) -----					
<b>Earnings per share</b>	14	10.09	Restated 7.53	18.90	Restated 14.07

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Kamal A. Chinoy**  
Director

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half year ended	
	December 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	450,169	347,152
<b>Adjustments for non-cash and other items:</b>		
Depreciation of operating fixed assets	61,511	50,279
Amortisation of intangible assets	1,134	430
Net change in fair values of investments at fair value through profit or loss	(37,143)	(25,173)
Gain on sale of investments	(682)	(5,088)
Finance cost	55,986	28,633
Gain on sale of operating fixed assets	(2,791)	-
Provision for doubtful debt	623	-
Provision for gratuity	3,100	3,857
Provision for compensated leave absences	4,698	5,244
	536,605	405,334
<b>Working capital changes:</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(5,267)	(2,198)
Stock-in-trade	(369,309)	(250,917)
Trade debts	(53,290)	38,309
Loans and advances	(4,544)	(1,153)
Deposits and prepayments	(73,723)	(36,998)
Other receivables	1,803	(88)
	(504,330)	(253,045)
(Decrease) / increase in current liabilities:		
Trade and other payables	(79,844)	79,687
Sales tax payable - net	40,775	18,115
	(39,069)	97,802
	(543,399)	(155,243)
<b>Cash (used in) / generated from operations</b>	(6,794)	250,091
Finance cost paid	(42,351)	(24,291)
Income taxes paid (including tax deducted at source)	(209,813)	(120,477)
Gratuity paid	(7,555)	(8,222)
Compensated leave absences paid	(505)	(1,354)
Long term deposits - net	-	(1,000)
Long term loans - net	(73)	(97)
	(260,297)	(155,441)
<b>Net cash (used in) / generated from operating activities c/f</b>	(267,091)	94,650

## CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Half year ended	
	December 31, 2013	December 31, 2012
	----- (Rupees in '000) -----	
<b>Net cash (used in) / generated from operating activities b/f</b>	(267,091)	94,650
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(236,424)	(109,936)
Proceeds from sale of operating fixed assets	7,270	10,543
Additions in intangible assets	(1,650)	(2,888)
Investments acquired	(55,000)	(181,894)
Proceeds from sale of investments	46,556	170,000
<b>Net cash used in investing activities</b>	(239,248)	(114,175)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	690,567	112,293
Dividend paid	(145,091)	(120,877)
<b>Net cash generated from / (used in) financing activities</b>	545,476	(8,584)
<b>Net increase / (decrease) in cash and cash equivalents</b>	39,137	(28,109)
<b>Cash and cash equivalents - at beginning of the period</b>	33,055	48,191
<b>Cash and cash equivalents - at end of the period</b>	72,192	20,082

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Kamal A. Chinoy**  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid up capital	General reserve	Unappro- priated profit	Total
----- (Rupees in '000) -----				
<b>Balance as at July 1, 2012 - as perviously reported</b>	120,832	727,500	491,734	1,340,066
Effect of change in accounting policy due to application of IAS 19 (Revised) note 3.2.1 (net of tax)	-	-	(13,128)	(13,128)
<b>Balance as at July 1, 2012 - as restated</b>	120,832	727,500	478,606	1,326,938
Transfer to general reserves	-	340,000	(340,000)	-
Cash dividend for the year ended June 30, 2012 at the rate of Rs.10 per share	-	-	(120,832)	(120,832)
Bonus shares at the rate of 20% issued during the period	24,166	-	(24,166)	-
<b>Transactions with owners</b>	24,166	-	(144,998)	(120,832)
Profit for the half year ended December 31, 2012	-	-	244,843	244,843
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	244,843	244,843
<b>Balance as at December 31, 2012 - as restated</b>	144,998	1,067,500	238,451	1,450,949
Profit for the period	-	-	337,270	337,270
Re-measurement of defined benefit plans (net of tax)	-	-	1,523	1,523
<b>Total comprehensive income for the period</b>	-	-	338,793	338,793
<b>Balance as at June 30, 2013 - as restated</b>	144,998	1,067,500	577,244	1,789,742
Transfer to general reserves	-	410,000	(410,000)	-
Cash dividend for the year ended June 30, 2013 at the rate of Rs.10 per share	-	-	(144,998)	(144,998)
Bonus shares at the rate of 20% issued during the period	29,000	-	(29,000)	-
<b>Transactions with owners</b>	29,000	-	(173,998)	(144,998)
Profit for the half year ended December 31, 2013	-	-	328,861	328,861
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	328,861	328,861
<b>Balance as at December 31, 2013</b>	173,998	1,477,500	322,107	1,973,605

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Kamal A. Chinoy**  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Atlas Battery Limited (the Company) is a public limited company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and sale of automotive and motorcycle batteries.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2013 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited annual financial statements for the year ended June 30, 2013.

### 3. ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding audited annual published financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as detailed in note 3.2.1.

#### 3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates.

##### 3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and an interpretation to accounting standards are effective for accounting period beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore not detailed in this condensed interim financial information except for IAS 19 - Employee Benefits (revised in June 2011) as detailed below.

IAS 19 (Revised) requires past service cost to be recognised immediately in the profit or loss and replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "re-measurements" has been introduced which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognise all re-measurement gain or loss / actuarial gain or loss in the other comprehensive income immediately as they occur.

The Company has applied IAS 19 retrospectively in accordance with the transitional provisions as set out in this standard and consequently the earliest period presented in condensed interim balance sheet and condensed interim statement of changes in equity has been restated. The impacts of retrospective application are as follows:

	Unappropriated profit	Staff retirement benefits	Deferred taxation	Trade and other payables
----- (Rupees in '000) -----				
Balance as at June 30, 2012 - as previously reported	491,734	41,439	137,886	494,461
Restatement - recognition of re-measurement (gain) / loss	(13,128)	(511)	(6,763)	20,402
<b>Balance as at June 30, 2012 - as restated</b>	<u>478,606</u>	<u>40,928</u>	<u>131,123</u>	<u>514,863</u>
Balance as at June 30, 2013 - as previously reported	588,849	46,332	152,924	781,465
Restatement - recognition of re-measurement (gain) / loss				
- For the year 2012	(13,128)	(511)	(6,763)	20,402
- For the year 2013	1,523	4	784	(2,311)
<b>Balance as at June 30, 2013 - as restated</b>	<u>577,244</u>	<u>45,825</u>	<u>146,945</u>	<u>799,556</u>

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim profit and loss account are not quantifiable and are also considered immaterial.

#### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the audited annual financial statements for the year ended June 30, 2013.

	Note	Unaudited December 31, 2013	Audited June 30, 2013
---- (Rupees in '000) ----			
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	1,318,219	1,137,047
Capital work-in-progress		8,068	18,807
		<u>1,326,287</u>	<u>1,155,854</u>
<b>5.1 Operating fixed assets</b>			
Net book value at the beginning of the period / year		1,137,047	1,076,257
Additions during the period / year	5.2	247,166	276,748
Disposals costing Rs.11,403 thousand (June 30, 2013: Rs.117,353 thousand) - at net book value	5.3	(4,483)	(108,079)
Depreciation charged during the period / year		(61,511)	(107,879)
Net book value at the end of the period / year		<u>1,318,219</u>	<u>1,137,047</u>

	Unaudited December 31, 2013 ---- (Rupees in '000) ----	Audited June 30, 2013
<b>5.2 Additions to operating fixed assets, including transfer from capital work-in-progress, during the period / year:</b>		
Buildings on leasehold land	2,210	75,706
Plant and machinery	232,925	156,627
Office equipment	-	1,668
Computers and accessories	553	7,856
Furniture and fixtures	-	1,464
Air conditioners	411	581
Vehicles	11,067	32,846
	<u>247,166</u>	<u>276,748</u>
<b>5.3 Disposals during the period / year:</b>		
Leasehold land	-	48,105
Buildings on leasehold land	-	45,202
Plant and machinery	737	-
Office equipment	-	18
Computers and accessories	-	108
Vehicles	3,746	14,646
	<u>4,483</u>	<u>108,079</u>
<b>5.4</b>		
Plant and machinery includes certain dies and moulds having cost aggregating Rs.40,610 thousand (June 30, 2013: Rs.40,610 thousand) and net book value of Rs.24,268 thousand (June 30, 2013: Rs.25,545 thousand) which are held by various vendors for producing certain parts for supply to the Company.		
	Unaudited December 31, 2013 ---- (Rupees in '000) ----	Audited June 30, 2013
<b>6. INTANGIBLE ASSETS</b>		
Net book value at the beginning of the period / year	1,736	-
Additions during the period / year	1,650	2,888
	<u>3,386</u>	<u>2,888</u>
Amortisation charged during the period / year	(1,134)	(1,152)
Net book value at the end of the period / year	<u>2,252</u>	<u>1,736</u>
<b>7. STOCK-IN-TRADE</b>		
Raw materials and components:		
- in hand	1,275,506	922,779
- with third parties	44,110	36,363
	<u>1,319,616</u>	<u>959,142</u>
Work-in-process	398,237	420,263
Finished goods	86,985	87,289
Goods in transit	41,729	10,564
	<u>1,846,567</u>	<u>1,477,258</u>
<b>8. DEPOSITS AND PREPAYMENTS</b>		
Include prepayments of Rs.75,217 thousand (June 30, 2013: Rs.2,775 thousand) in respect of renewals of insurance policies and rental agreements.		

**9. INVESTMENTS - at fair value through profit or loss**

Investments in units of mutual funds:

	Unaudited December 31, 2013	Audited June 30, 2013
	---- (Rupees in '000) ----	
- Related parties	740,303	683,126
- Others	17,509	28,418
	<u>757,812</u>	<u>711,544</u>

**10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

During the period, a 20% issue of bonus shares in the ratio of one bonus share for every five shares held by the shareholders was proposed in the Board of Directors meeting held on August 28, 2013. The approval of the members for issue of bonus shares was obtained in the Annual General Meeting held on September 27, 2013. The effect of the issue of 2,899,961 bonus shares of Rs.10 each has been accounted for in this condensed interim financial information.

**11. CONTINGENCIES AND COMMITMENTS**

**11.1 Contingencies**

Except for the following, there has been no significant change in the status of contingencies as reported in note 23.1 to the preceding audited annual financial statements of the Company for the year ended June 30, 2013.

With reference to the note 23.1.1 to the audited annual financial statements of the Company for the year ended June 30, 2013, Deputy Commissioner Inland Revenue (DCIR) under the directions of Commissioner Inland Revenue (Appeals-I) [CIR(A)], revisited / confirmed the status of alleged vendors and examined the complete procurement & payment procedures of the Company and found the Company in compliance with these directions. Accordingly, DCIR has vacated the impugned show cause notice and stated that the Company was legally entitled to claim the input tax adjustment of Rs.19.99 million.

**11.2 Outstanding bank guarantees**

	Unaudited December 31, 2013	Audited June 30, 2013
	---- (Rupees in '000) ----	
	<u>14,320</u>	<u>14,320</u>

**11.3 Commitments**

In respect of confirmed letters of credit relating to:

- raw materials, stores, spares and loose tools	518,938	449,369
- capital expenditure	76,226	109,766
In respect of capital expenditure other than through letters of credit	15,150	13,144
	<u>610,314</u>	<u>572,279</u>



Note	----- Unaudited -----			
	Quarter ended		Half year ended	
	December 31,		December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				

## 12. COST OF SALES

Finished goods at beginning of the period		173,946	117,192	87,289	51,567
Cost of goods manufactured	12.1	2,405,465	1,826,146	4,513,519	3,400,004
		<u>2,579,411</u>	<u>1,943,338</u>	<u>4,600,808</u>	<u>3,451,571</u>
Finished goods at end of the period		86,985	178,769	86,985	178,769
		<u>2,492,426</u>	<u>1,764,569</u>	<u>4,513,823</u>	<u>3,272,802</u>

### 12.1 Cost of goods manufactured

Work-in-process at beginning of the period		417,997	304,640	420,263	320,719
Raw materials and components consumed		1,936,476	1,511,259	3,639,334	2,781,612
Factory overheads		449,229	310,946	852,159	598,372
		<u>2,385,705</u>	<u>1,822,205</u>	<u>4,491,493</u>	<u>3,379,984</u>
		<u>2,803,702</u>	<u>2,126,845</u>	<u>4,911,756</u>	<u>3,700,703</u>
Work-in-process at end of the period		398,237	300,699	398,237	300,699
		<u>2,405,465</u>	<u>1,826,146</u>	<u>4,513,519</u>	<u>3,400,004</u>

	----- Unaudited -----			
	Quarter ended		Half year ended	
	December 31,		December 31,	
	2013	2012	2013	2012
----- (Rupees in '000) -----				

## 13. TAXATION

Current year		61,250	42,857	101,957	93,230
Adjustments for prior year		2,302	(1,622)	2,302	(1,622)
Deferred		8,510	10,432	17,049	10,701
		<u>72,062</u>	<u>51,667</u>	<u>121,308</u>	<u>102,309</u>

----- Unaudited -----			
Quarter ended December 31,		Half year ended December 31,	
2013	2012	2013	2012
----- (Rupees in '000) -----			

#### 14. EARNINGS PER SHARE

- Basic and diluted

Net profit for the period	175,486	130,961	328,861	244,843
	----- (Number of shares) -----			
		Restated		Restated
Weighted average number of ordinary shares in issue during the period	17,399,769	17,399,769	17,399,769	17,399,769
	----- (Rupees) -----			
Basic and diluted earnings per share	10.09	7.53	18.90	14.07

- 14.1** There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of shares in issue and earnings per share for the quarter and half year ended December 31, 2012 have been restated taking into effect of bonus shares at the rate of 20% issued during the current period.

#### 15. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the audited annual financial statements and should be read in conjunction with the Company's audited annual financial statement as at June 30, 2013.

There have been no changes in the risk management policies since the year end.

#### 16. TRANSACTIONS WITH RELATED PARTIES

- 16.1** Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	----- Unaudited -----	
		Half year ended December 31, 2013	2012
		---- (Rupees in '000) ----	
(i) Associates	Sales:		
	- goods	243,080	182,807
	- operating fixed assets	-	2,276
	Purchases:		
	- raw materials	-	12,323
	- consumables	447	1,081
	- operating fixed assets	5,754	21,574
- Intangible assets	-	2,338	

Relationship with the Company	Nature of transactions	----- Unaudited ----- Half year ended December 31, 2013                      2012 ---- (Rupees in '000) ----	
	Rent / service charges	113,985	52,595
	Commission	52,008	71,262
	Reimbursement of expenses	1,175	1,094
	Insurance premium	71,712	54,754
	Insurance claims received	2,790	868
	Purchase of units in mutual funds	55,000	169,984
	Redemption of units in mutual funds	35,000	170,000
	Dividend paid	112,291	93,576
	Sale proceeds of bonus fractions	127	93
	Royalty	52,572	38,559
	Donation paid	8,229	6,897
	Contribution to pension funds	3,054	2,559
		---(Number of shares)---	
	Bonus shares issued	2,245,827	1,871,520
		---- (Rupees in '000) ----	
(ii) Staff retirement funds	Contribution paid to - gratuity fund - provident fund	7,555 2,878	8,222 2,597
(iii) Key management personnel	Remuneration and other benefits Retirement benefits Sale of fixed asset	100,180 6,998 3,019	72,237 5,273 7,206
		<b>Unaudited</b> <b>December 31,</b> <b>2013</b>	<b>Audited</b> <b>June 30,</b> <b>2013</b>
		---- (Rupees in '000) ---- <b>Restated</b>	

**16.2 Period / year end balances are as follows:**

<b>Receivables from related parties</b>			
Property, plant and equipment	2,499	-	
Trade debts	71,893	37,849	
Investments	740,303	683,126	
Deposits and prepayments	73,411	-	
Other receivables	-	1,804	
<b>Payable to related parties</b>			
Trade and other payables	101,446	115,050	

**17. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issue on February 24, 2014 by the Board of Directors of the Company.

## 18. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of implementation of IAS 19 - 'Employee Benefits', certain corresponding figures have been restated in condensed interim balance sheet and condensed interim statement of changes in equity to reflect the retrospective changes required under the standard, as summarised in note 3.2.1.



**Yusuf H. Shirazi**  
Chairman



**Ali H. Shirazi**  
President / Chief Executive



**Kamal A. Chinoy**  
Director

## Atlas Battery Limited

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

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

**Fax:** (92-21) 32564703

**Email:** [abl@atlasbattery.com.pk](mailto:abl@atlasbattery.com.pk)

**Website:** [www.atlasbattery.com.pk](http://www.atlasbattery.com.pk)