



QUARTERLY REPORT
MARCH 31, 2010



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COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Chairman	Aitzaz Shahbaz
Members	Ali H. Shirazi
	Muhammad Atta Karim
Head of Internal Audit	M. Rizwan Jamil
Secretary	Muhammad Saleem

MANAGEMENT COMMITTEE

Chief Executive	Talha Saad
Chief Financial Officer & 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	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Bankers	Allied Bank Limited Atlas Bank Limited Bank Al-falah Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan The Bank of Tokyo-Mitsubishi UFJ, Limited United Bank Limited
Registered Office / Factory	D-181 Central Avenue, S.I.T.E. Karachi-75730 Tel: 32567990-94 Fax: 32564703
Share Registrar	M/s. Hameed Majeed Associates (Pvt.) Limited, Karachi Chambers, Hasrat Mohani Road, Karachi. Phones: 32424826 & 32412754 Fax: 32424835 E-mail: majeed@hmaconsultants.com
Zonal Office Karachi	PPI Building, Near Sindh Secretariat Building, Shahra-e-Kamal Ataturk, Karachi-74200 Tel: 32636057 - 32610145 Fax: 32626478
Sukkur Office	F -33/4, Barrage Colony, Workshop Road, Sukkur Tel: 612532 Fax: 612532
Zonal Lahore Office	Salam Chambers, 21 Link Mcleod Road, Lahore-54000 Tel: 37227075 - 37354245 Fax: 37352724
Faisalabad Office	54-Chenab Market, Madina Town, Faisalabad Tel: 8713127 Fax: 8726628
Multan Office	Azmat Wasti Road, Chowk Dera Adda Multan-60000 Tel: 4548017
Peshawar Office	1st Floor, Zeenat Plaza, Near General bus stand, G.T. Road, Peshawar Tel: 2262485
Rawalpindi Office	312-A, Kashmir Road, R.A. Bazar, Rawalpindi-65847 Tel: 5567423
Sahiwal Office	647-V-7, Al-Hilal Building, Nishter Road, Sahiwal-57000 Tel: 4461539
Company Website	www.atlasbattery.com.pk
Email Address	abl@atlasbattery.com.pk

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited accounts of your Company for the third quarter ended March 31, 2010.

ECONOMY

Pakistan's economy is likely to sustain its revival during the current fiscal year 2009-10. Expectations are for an above-target recovery in manufacturing, strong rebound by the construction sector, reasonable performance by the services sector and strong domestic consumer demand. Recent economic indicators suggest that the economy will achieve GDP growth rate of 3.3%. Encouragingly, due to better than expected performance by exports in recent months and robust performance of remittances earlier in the year, the current account deficit has narrowed significantly. Thus, it seems likely that the full year's deficit will be lower than earlier forecasts. Another silver lining is the resurgence in inflationary pressures due to revival in aggregate demand, somewhat stable exchange rates and positive trends in prices of basic food related items. All these indicate that estimated inflation is likely to be in the range of 11% to 12% by end of 2009-10. However, if the government can take tangible measures to reduce the general cost of doing business, the economy has the potential to take off in the near future.

OPERATING RESULTS

Net sales revenue for the 3rd quarter was Rs.1,096.3 million as compared to Rs.817 million for the same period last year, up 34.2%. Cost of sales increased by Rs.280.4 million; up by 41.0%, from Rs.684.3 million to Rs.964.7 million. The main reason was increase in cost of basic input raw materials, depreciation of Pak Rupee and increase in energy related and other costs. Resultantly gross profit came under pressure and was reduced to Rs.131.5 million as against Rs.132.6 million last year. The Company absorbed some of the cost pressures and did not pass them to the end user.

Operating expenses remained under control and only increased slightly by Rs.7.8 million, due to increase in sales volume. Due to lower GP ratio, operating profit was reduced from Rs.84.5 million to Rs.75.6 million as against same period of last year. Financial charges decreased by 43.9% due to better working capital management and improved profitability, as compared to the corresponding period of last year.

Profit before tax for 3rd quarter was Rs.70.5 million as compared to Rs. 75.5 million for the corresponding period of last year. Net profit after tax of your Company was Rs. 46.9 million compared to Rs.47.6 million for the corresponding period of last year.

For the nine months ended March 2010, net sales revenue was Rs.2,843.5 million as compared to Rs.2,296.5 million for the same period last year, up 23.8%. Cost of sales during the same period last year increased by 22.4%. Gross profit improved to Rs.449.0 million as against Rs.340.9 million during the corresponding period last year.

Operating expenses increased by Rs.31.2 million, due to increase in sales volume. Operating profit increased by Rs.76.9 million compared to last year from Rs.202.5 million to Rs.279.4

million, up by 38.0%. Financial and other charges decreased substantially from Rs.41.1 million to Rs.15.5 million for the same period due to the combined effect of lower utilization of running finances and reduced markup rates. Thus the profit before tax for nine months was Rs. 263.9 million as compared to Rs. 161.3 million in the corresponding period of last year. The after tax profit was Rs.172.4 million as against Rs.104.4 million during the same period last year. Earning per share was Rs.20.54 as against Rs.12.45 during the same period last year.

FUTURE OUTLOOK

Pakistan's economic growth has started to move forward despite security and energy challenges. Good growth in agriculture sector coupled with attractive support prices offered to farmers will bring liquidity to the rural economy, which is the main stay of Pakistan's overall economy. Moreover growth in large scale manufacturing has recovered substantially, which bodes well for the economy at large. The growth of your company is still highly dependent on the automobile industry, which has also started showing signs of recovery as compared to the last couple of years. On the other hand, the cost of basic raw materials; refined lead and local lead have again started rising gradually, which will have a negative impact on gross margins. However, the management of your Company will further deepen its focus to improve the quality, productivity and cost control in the ensuing periods.

اسے بازو حیدر بھی عطا کر

(LET US ACHIEVE WHATEVER WE WANT TO ACHIEVE)

ACKNOWLEDGEMENT

I would like to thank our JV Partners GS Yuasa International Limited, Japan for their continued support and co-operation, Board of Directors, our bankers, shareholders, vendors and customers. I also thank the Group Executive Committee, Group President; Mr. Aamir H. Shirazi, Chief Executive; Mr. Talha Saad and his team - all staff and associates for their countless hours of work to build a great company in order to serve our valued customers better.



Karachi: April 26, 2010

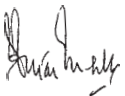
Yusuf H. Shirazi

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2010

	Note	(Unaudited) March 31, 2010	(Audited) June 30, 2009
———— Rupees in '000' ————			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	708,756	635,294
Intangible assets	5	12,371	-
Long term investment - available for sale		-	-
Long term deposits		517	2,439
CURRENT ASSETS			
Stores, spare parts and loose tools		21,220	14,122
Stock in trade	6	455,516	434,594
Trade debts		35,952	88,521
Loans and advances		4,490	2,381
Trade deposits and prepayments		8,318	7,025
Investment at fair value through profit and loss	7	57,030	6,132
Accrued mark-up		69	14
Other receivables		75,312	80,742
Cash and bank balances	8	78,542	28,892
		736,449	662,423
TOTAL ASSETS		<u>1,458,093</u>	<u>1,300,156</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 10,000,000 Ordinary Shares of Rs. 10/- each		100,000	100,000
Issued, subscribed and paid up capital 8,391,094 (June 30, 2009 : 6,992,579)			
Ordinary Shares of Rs. 10/- each		83,911	69,926
Revenue reserves		550,084	461,620
		633,995	531,546
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		173,786	173,786
NON CURRENT LIABILITIES			
Deferred liabilities	9	98,914	85,627
CURRENT LIABILITIES			
Trade and other payables		368,161	329,326
Mark-up accrued on secured borrowings		4,529	1,603
Short term borrowings - secured	10	92,226	103,616
Provision for taxation		86,482	74,652
		551,398	509,197
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u>1,458,093</u>	<u>1,300,156</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



Yusuf H. Shirazi
Chairman


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2010

	Note	Quarter ended		Nine months ended	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rupees in '000'					
Sales		1,096,280	816,964	2,843,498	2,296,512
Cost of sales	12	(964,742)	(684,332)	(2,394,526)	(1,955,662)
Gross profit		131,538	132,632	448,972	340,850
Distribution costs		(32,607)	(26,226)	(92,685)	(76,405)
Administrative expenses		(18,882)	(16,776)	(58,761)	(50,908)
Other operating expenses		(5,417)	(5,726)	(20,014)	(12,333)
Other operating income		935	586	1,892	1,257
Operating profit		75,567	84,490	279,404	202,461
Finance costs		(5,044)	(8,992)	(15,514)	(41,116)
Profit before taxation		70,523	75,498	263,890	161,345
Taxation		(23,674)	(27,945)	(91,516)	(56,915)
Profit after taxation		46,849	47,553	172,374	104,430
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		46,849	47,553	172,374	104,430
		(Rupees)		(Rupees)	
Basic & diluted earnings per share (Adjusted for bonus shares issued)		5.58	5.67	20.54	12.45


The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



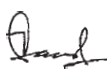
Yusuf H. Shirazi
Chairman


CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010

	Note	March 31, 2010 —Rupees in '000'—	March 31, 2009 —Rupees in '000'—
Cash generated from operations	13	393,920	528,858
Mark up paid		(10,829)	(38,760)
Gratuity paid		(31)	(159)
Compensated absences paid		(1,173)	(208)
Income taxes paid		(75,597)	(45,080)
Long term deposits		1,922	2,592
Net cash generated from operating activities		308,212	447,243
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(116,643)	(141,384)
Investments acquired		(50,000)	-
Intangible assets		(13,196)	-
Sale proceeds from property, plant and equipment		2,609	1,928
Net cash used in investing activities		(177,230)	(139,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short term borrowings		(11,390)	(204,199)
Dividend paid		(69,942)	(52,461)
Net cash used in financing activities		(81,332)	(256,660)
Increase in cash and cash equivalents		49,650	51,127
Cash and cash equivalents at the beginning of the period		28,892	49,274
Cash and cash equivalents at the end of the period		78,542	100,401

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Aitzaz Shahbaz
 Director

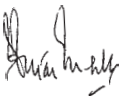

Talha Saad
 Chief Executive


Yusuf H. Shirazi
 Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010

	Share Capital	General Reserve	Unappropriated Profit	Total
	Rupees in '000'			
Balance as at June 30, 2008	69,926	228,500	107,886	406,312
Total comprehensive income for the nine months ended March 31, 2009				
Profit for the period after taxation	-	-	104,430	104,430
Other comprehensive income	-	-	-	-
	-	-	104,430	104,430
Transaction with owners				
Dividend-Final 2008 (Rs.7.50 per share)	-	-	(52,444)	(52,444)
Transfer to general reserve	-	54,000	(54,000)	-
	-	54,000	(106,444)	(52,444)
Balance as at March 31, 2009	69,926	282,500	105,872	458,298
Total comprehensive income for the nine months ended March 31, 2009				
Profit for the period after taxation	-	-	73,248	73,248
Balance as at June 30, 2009	69,926	282,500	179,120	531,546
Total comprehensive income for the nine months ended March 31, 2009				
Profit for the period after taxation	-	-	172,374	172,374
Other comprehensive income	-	-	-	-
	-	-	172,374	172,374
Transaction with owners				
Dividend-Final 2009 (Rs.10 per share)	-	-	(69,925)	(69,925)
Transfer to general reserve	-	93,000	(93,000)	-
Bonus shares	13,985	-	(13,985)	-
	13,985	93,000	(176,910)	(69,925)
Balance as at March 31, 2010	83,911	375,500	174,584	633,995

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Aitzaz Shahbaz
Director



Talha Saad
Chief Executive



Yusuf H. Shirazi
Chairman



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2010

1 CORPORATE INFORMATION

Atlas Battery Limited (the company) was incorporated as a public limited company on October 19, 1966 and its shares are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The company is engaged in manufacturing and sale of automotive and motorcycle batteries. The registered office and manufacturing facilities are located at Karachi.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of Karachi and Lahore Stock Exchanges. These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the published financial statements for the year ended June 30, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements for the nine months ended March 31, 2010 are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2009.

The following standards, amendments and interpretations of approved accounting standards, effective for accounting period beginning as at January 01, 2009 are either not relevant to the company's operation or not having significant impact on company's financial statements other than certain increased disclosures:

- Revised IAS 1- Presentation of financial statements
- Revised IAS 23- Borrowing Cost
- IAS 27- Consolidated and separate financial statements
- Amendments to IFRS 7-Financial instruments
- Amendments to IFRS 2-Shared base payments
- Amendments to IFRS 8-Operating segments

4. PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2010	June 30, 2009
— Rupees in '000' —			
Operating fixed assets	4.1	656,422	576,825
Capital work in progress	4.5	52,334	58,469
		708,756	635,294
4.1 Operating fixed assets			
Opening net book value		576,825	468,522
Additions during the period / year	4.2	122,778	155,263
		699,603	623,785
Less:			
Written down value of disposals	4.3	2,375	3,878
Depreciation		40,806	43,082
		43,181	46,960
		656,422	576,825

	Note	March 31, 2010	June 30, 2009
———— Rupees in '000' ————			
4.2 Additions during the period / year			
Building		7,200	40,316
Plant and machinery		68,359	92,189
Dies, Jigs and Moulds		10,623	7,825
Electric installations		-	4,647
Air conditioners		287	198
Vehicles	4.2.1	12,288	5,819
Fork lifters		3,618	-
Office equipments		40	-
Factory equipments		16,630	3,614
Computers		3,733	655
		122,778	155,263

4.2.1 Additions include Rs. 717 thousand cost of vehicles, which are not registered in the name of the company.

4.3 Written down value of disposals

Plant & Machinery	Cost	296	-
	Accumulated depreciation	252	-
		44	-
Electric Installation	Cost	647	-
	Accumulated depreciation	214	-
		433	-
Vehicles	Cost	3,521	5,895
	Accumulated depreciation	1,639	2,017
		1,882	3,878
Computer equipment	Cost	41	-
	Accumulated depreciation	25	-
		16	-
		2,375	3,878

4.4 Certain moulds, dies and jigs having cost of Rs. 17,817 thousand (June 30, 2009: Rs. 17,817 thousand) and book value of Rs. 4,409 thousand (June 30, 2009: Rs. 4,767 thousand) are held by third parties for production of components to be supplied to the company.

4.5 Capital work in progress includes Rs. 48,105 thousand (June 30, 2009: Rs. 48,105 thousand) cost of land purchased in Sunder Industrial Estate, Raiwind Lahore. The physical possession of the plot and execution of agreement to sell is pending. The N.O.C and sale deed in favour of the company shall be issued after completion of the project.

5 INTANGIBLE ASSETS

Software	5,796	-
Implementation cost	7,400	-
	13,196	-
Less: Amortization	825	-
	12,371	-

March 31, June 30,
2010 2009
— Rupees in '000' —

6 STOCK IN TRADE

Raw material and components:		
In hand	105,030	163,641
With third parties	84,292	45,713
	189,322	209,354
Work in process	150,583	90,802
Finished goods	61,769	47,612
Goods in transit	53,842	86,826
	455,516	434,594

7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

No of units					
7.1	March 31, 2010	June 30, 2009			
	663,291	612,204	ABL Income Fund	6,637	6,132
	98,391	-	Atlas Money Market Fund	50,393	-
				57,030	6,132

538,134 units (June 30, 2009: 554,122 units) valuing Rs. 5,386 thousand (June 30, 2009 Rs. 5,550 thousand) are under lien of bank against bank guarantee issued on behalf of the company.

8 CASH AND BANK BALANCES

In current account	2,670	8,327
In imperest account	879	119
Term deposits	700	700
Cheques in hand	74,293	19,746
	78,542	28,892

9 DEFERRED LIABILITIES

Provision for gratuity - Non management	1,413	1,325
Compensated leave absences	28,063	19,863
Deferred taxation	69,438	64,439
	98,914	85,627

10 SHORT TERM BORROWING - SECURED

Running finance from banks	2,226	103,616
Demand finance from bank	90,000	-
	92,226	103,616

11 CONTINGENCIES AND COMMITMENTS

Confirmed letters of credit relating to:		
Raw materials and stores, spare parts and loose tools	245,624	161,261
Property, plant and equipment	75,151	36,931
	5,417	3,495

	Quarter ended		Nine months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rupees in '000'				
12 COST OF SALES				
Finished goods - at the beginning	42,636	83,877	47,612	47,807
Cost of goods manufactured	983,875	654,353	2,408,683	1,961,753
	1,026,511	738,230	2,456,295	2,009,560
Finished goods - at the end	61,769	53,898	61,769	53,898
	<u>964,742</u>	<u>684,332</u>	<u>2,394,526</u>	<u>1,955,662</u>
12.1 Cost of goods manufactured				
Work in process - at the beginning	111,205	91,008	90,802	108,099
Raw materials and components consumed	858,658	510,928	2,010,961	1,568,994
Overheads	164,595	125,541	457,503	357,784
	1,134,458	727,477	2,559,266	2,034,877
Work in process - at the end	150,583	73,124	150,583	73,124
	<u>983,875</u>	<u>654,353</u>	<u>2,408,683</u>	<u>1,961,753</u>
March 31, 2010 March 31, 2009				
Rupees in '000'				
13 CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation			263,890	161,345
Adjustments for:				
Depreciation			40,806	33,637
Amortization			825	-
Mark up expense			13,755	39,729
Profit on sale of property, plant and equipment			(234)	(364)
Provision for gratuity			119	112
Provision for compensated absences			9,373	3,686
Unrealized gain on remeasurement of investments			(898)	-
			<u>63,746</u>	<u>76,800</u>
Operating profit before working capital changes			327,636	238,145
(Increase) / decrease in current assets				
Stores, spares parts and loose tools			(7,098)	(1,605)
Stock in trade			(20,922)	121,778
Trade debts			52,569	35,757
Loan and advances			(2,109)	(45)
Trade deposits and prepayments			(1,293)	66,813
Accrued mark up			(55)	88
Other receivables (excluding tax deducted at source)			6,340	1,085
			<u>27,432</u>	<u>223,871</u>
Increase in current liabilities				
Trade and other payables (excluding unclaimed dividend)			38,852	66,842
Working capital changes			66,284	290,713
Cash generated from operations			<u>393,920</u>	<u>528,858</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, staff retirement funds, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Transactions:	Relationship	March 31,	March 31,
		2010	2009
		———— Rupees in '000' ————	
Sales	Associated companies	164,700	116,651
Purchases	"	10,005	8,859
Actual reimbursement of expenses	"	707	344
Rent	"	4,567	2,484
Insurance premium	"	35,198	29,804
Purchase of property, plant and equipment	"	6,737	2,850
Sale of property, plant and equipment	"	300	-
Royalty	"	28,435	47,967
Dividend paid	"	47,540	35,655
Mark-up on running finance / other charges	"	-	3,470
Investment in mutual fund	"	50,000	-
Donation	"	2,781	1,642
Insurance claim	"	7,997	4,755
Contribution	Employees' provident fund	5,256	4,043
Contribution	Employees' gratuity fund	2,083	1,310
Salaries and other employee benefits	Key management personnel	64,954	39,960

Balances:	Relationship	March 31,	June 30,
		2010	2009
		———— Rupees in '000' ————	
Trade debts	Associated companies	2,440	16,561
Loans	Key management personnel	60	594
Other receivables	Associated companies	682	1,952
Bank balance	"	22	1,317
Royalty payable	"	28,435	31,336
Trade payable	"	5,556	8,921
Gratuity fund payable	Employees' gratuity fund	5,207	1,747


15 DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorized for issue on April 26, 2010 by the Board of Directors of the Company.

16 GENERAL

Figures have been rounded off to the nearest thousands.


Aitzaz Shahbaz
 Director


Talha Saad
 Chief Executive


Yusuf H. Shirazi
 Chairman

Atlas Battery Limited

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

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

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